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NEWS SUMMARY

GENERAL

Thatcher rules out spy inquiry

Mrs Thatcher yesterday ruled out any new security inquiry into the Blunt spy ring following the admissions of Leo Long.

She said in a Commons written reply that Mr Long made a detailed confession to the security services in 1964 after he was told he was unlikely to be prosecuted if he co-operated.

She knew of one other case since then in which a spy suspect may have confessed after being told he was unlikely to face prosecution. Mrs Thatcher did not name the suspect.

Attorney General Sir Michael Havers said later during questions that he would not prosecute Mr Long for treason. Page 10

Israeli 'violation'

Israeli military aircraft violated Saudi airspace but were intercepted, the Saudi Press Agency said. In London, Mrs Thatcher and Italy's Prime Minister Giovanni Spadolini reaffirmed their commitment to a PLO role in the Middle East peace process. Israel refuses more concessions, Back Page

Pay poll 'invalid'

TGWU officials declared invalid a poll of BP tanker drivers that accepted an 8.1 per cent pay offer and rejected a strike call. They called for further polling this week.

Earlier story, Page 11

Labour decision

The Labour Party's organisation committee ruled out an inquiry into the Militant tendency. Page 10

Lord Louis move

Thomas McMahon, jailed for life for the 1979 murder of Lord Mountbatten, is to appeal in Dublin against conviction and sentence.

Post cost delay

The Post Office is to delay increasing postal charges next year by a month. Page 7

Bomb death 'error'

The Provisional IRA admitted that the booby-trap car bomb that killed Trevor Forster, 17, was meant for his father, a part-time Ulster Defence Regiment member.

Belgian dilemma

Belgium could face months without a Government after the Christian Democrats' election defeat. Back Page; More divided than ever, Page 3; Editorial Comment, Page 18

Grant mistake

The Government is seeking to correct a mistake in the grant system that could force 50 low-spending Conservative councils to hold referendums. Page 8

Aircraft downed

South Africa confirmed that its aircraft shot down an Angolan fighter over southern Angola on Friday but said it was in self-defence. Pretoria bows to black pressure, Page 4

Sudan dismissal

Sudan's President Jaafar Nimeiri dismissed the Cabinet, the Middle East News Agency reported from Khartoum.

Burma's president

Burma's parliament elected former army chief San Yu, 63, as president to succeed Gen Ne Win, who has retired because of ill health.

Student arrests

Demonstrators were arrested in Groton, Connecticut, at the shipyard where the U.S. first Trident missile-firing submarine is to be commissioned tomorrow.

BUSINESS

Equities up 16.4; Sterling rises

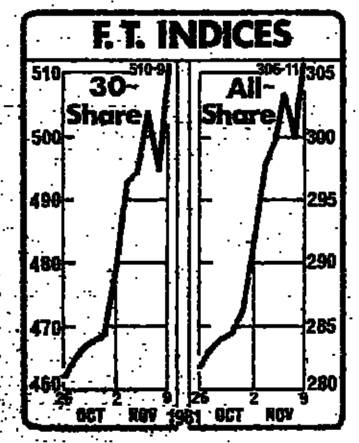
● STERLING gained 1.5c in London to close at $1.8925, its best level for a month. In quiet trading, it also rose to DM 4.1750 (DM 4.17), SwFr 3.36 (SwFr 3.355), FFr 10.555 (FFr 10.535). Its trade weighted index was 89.3 (89.2). Page 25

● DOLLAR eased, closing at DM 2.205 (DM 2.22), SwFr 1.775 (SwFr 1.787) and Y226.75 (Y228.75). Its trade weighted index fell to 106.7 (107.5). Page 25

● GOLD rose $1½ in London to $429.5. Page 25

● EQUITIES made big gains as falling world interest rates created euphoric conditions.

F.T. INDICES



The FT 30-share index rose 16.4 to 510.9. The FT All-share index gained 2.1 to 306.11. Page 32

● GILTS rose sharply on all-round optimism. The FT Government Securities index gained 0.80 to 62.39, the biggest rise since June 15. Page 32

● WALL STREET was up 2.67 at 855.12 near the close. Page 30

● GOVERNMENT may soon review its restrictive policies on cable television in response to growing pressure from the industry. Back Page

● FIFTH of unearned income goes into the pockets of less than 1 per cent of investors according to the Inland Revenue. Page 9

● WEST GERMAN and Japanese companies have won contracts worth NKr 2bn (£181.5m) to provide steel pipelines for a Norwegian North Sea gas gathering system. Page 6

● SWISS VOLKSBANK chairman Hans Frey has resigned after the disclosure of large silver trading losses at the bank's Geneva branch. Page 28

● BRITISH GAS has been given a year to devise its own scheme for selling its 900 gas showrooms. Page 9

COMPANIES

● U.S. INSURANCE groups Connecticut General Corporation and INA announced terms for an agreed merger worth $4.1bn (£2.17bn). Back Page

● BRITISH CALEDONIAN, the independent airline, expects to slip into the red for the year to end-October, against a £3.1m profit last time. Page 9

● BTR, the industrial group, has been allowed to proceed with its acquisition of Serck, engineering company, in spite of its reference to the Monopolies and Mergers Commission. Back Page and Lex

● HOOVER, the domestic appliance manufacturer, reported increased pre-tax losses of £13m (£156,000) for the nine months to end-September. Page 21; Lex, Back Page

● LONDON & MIDLAND Industrials, the engineering and consumer products group, reported reduced pre-tax profits of £1.05m (£1.82m) for the six months to end September. Page 20

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
...s. 11¼pc 1985	£88¼	+ 1¼
...eq. 12¼pc 1990	£86¾	+ 1¼
...	270xd	+ 17½
...	344	+ 18
...er (C. H.)	121	+ 10
...ham	223	+ 10
...sford (S. & W.)	114	+ 9
...sh Sugar	352	+ 37
...mercial Union	140	+ 6
... (Wimbledon)	280	+ 25
...ish China Clays	150	+ 16
...d Met.	175	+ 7
...tan Warehouses	84	+ 8
...	160	+ 10
...ker Siddeley	328xd	+ 13
...rk Johnsen	74	+ 6
...	286	+ 10
...s Inds.	196	+ 28
...C	225	+ 10
...and Bank	395	+ 8
Mills & Allen	468	+ 33
Plessey	338	+ 18
Polly Peck	380	+ 23
Racal Elect.	415	+ 20
Shiloh Spinners	19	+ 4
Sidlaw Inds.	180	+ 18
Smiths Inds.	335	+ 10
Sun Alliance	945	+ 20
Tozer Kemsley	76	+ 5
Whitbread A	181	+ 5
Wimpey	88	+ 6
Woolworth	54½	+ 4½
Central Pacific Mins.	74	+ 11
RTZ	487xd	+ 17½
Tara Exploration	650	+ 90
FALLS		
Amal. Metal	370	− 43
Electrocomponents	120	− 3
Hoover A	84	− 4
P. & O. Defd.	128xd	− 4
RHM	65	− 3½

Short-term interest rates cut, investors gain in confidence

BY WILLIAM HALL, BANKING CORRESPONDENT

SHORT-TERM interest rates in Europe dropped sharply yesterday and bond markets had one of their best days for several months as investors became increasingly confident about the downward trend in U.S. interest rates.

● In the UK, the High Street banks cut the cost of overdrafts for the second time in less than a month, reducing their base rates by half a percentage point to 15 per cent.

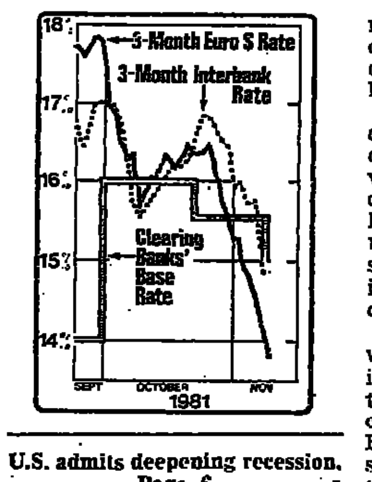
● Eurodollar rates fell sharply with six month rates down by almost a point. The Eurobond market had its best day for several weeks with prices rising between 1½ and 2 points.

● The UK equity market recorded its strongest gain since late September with the FT Industrial ordinary share index finishing 16.4 points higher at 510.9.

● Supplies of the partly paid long tap, Exchequer 15 per cent 1997, were exhausted, and UK gilt-edged prices rose by up to one and a half points fuelled by heavy overseas and domestic demand.

● The pound closed at its best level in a month on the foreign exchange markets. Against the dollar it rose 1.5 cents to $1.8925, and its trade weighted index as measured by the Bank of England was up 0.1 to 89.3.

● In the U.S., Chemical Bank cuts broker loan rate by ¾ of a percentage point to 15 per cent and major money centre banks brought their prime rates down to 17 per cent in line with last week's reductions. In U.S. money market the Federal Funds or overnight interbank rate fell by over a percentage point to 13¼ per cent.



U.S. admits deepening recession, Page 6
Stock market reports, Page 32
Money Markers, Page 25
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National Westminster Bank's decision to cut its base rate by half a percentage point early yesterday morning caught the UK money markets by surprise. However, market rates soon followed and by the end of the day the key three month interbank rates had fallen by nearly a percentage point to 14⅞ per cent. If it declines much further UK banks could justify a further half point cut in their interest rates.

Short term interest rates in other European countries also fell with three month Euro-DM rates declining by ⅝ to 10⅝ per cent and three month Eurodollar rates almost a point lower at 13¹³⁄₁₆ per cent.

The key factor behind the decline in rates is the growing confidence that the recent downward trend in U.S. interest rates can be sustained. Dealers cited last week's drop in the U.S. money supply figures and the signs of a deepening recession in the U.S. as reasons for their confidence.

Last night clearing bankers were not all convinced that interest rates were going to continue on their downward course. Mr Roy Vine, Barclays Bank's senior general manager, said "rates still remain volatile and a clear downward trend has not yet emerged."

UK bankers note that there are still large backlogs of tax which have to be paid over to the Government, following the civil servants dispute, and they will coincide with the normal tax gathering season over the next few months. This will strain bank liquidity and could put upwards pressure on UK interest rates.

Barclays Bank and National Westminster Bank took the opportunity to widen their interest rate margins yesterday by cutting their seven day deposit rates by a full 1 per cent to 13 per cent. Lloyds Bank cut its rate by half a percentage point and Midland Bank and Williams and Glyn's Bank both reduced their deposit rates by 0.75 of a percentage point. All five banks now post interest rates of 13 per cent

Wholesale prices, industrial costs continue rise

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE INFLATION RATE came under further pressure last month as the trend of industrial costs continued upward and wholesale prices rose by 1 per cent.

The increase from September to October took the wholesale price index for manufactured goods up to 227.9. During the month annual rate of wholesale price inflation increased half a point, to 11 per cent.

This continues the upward trend since the summer, when wholesale inflation rate fell, for the first time since early 1979, to below 10 per cent.

The current trend of wholesale prices and raw material costs makes it unlikely that the Government will succeed in bringing the retail price inflation rate below 10 per cent this year, as it had hoped.

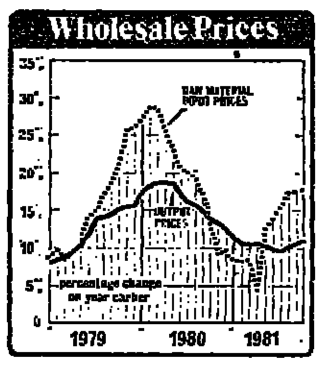
It must be doubtful whether single figure inflation can be achieved before the middle of 1982 at the earliest.

In the last three months the index for manufactured goods other than food, drink and tobacco had risen by 2.75 per cent.

Prospects for the next month or two seem gloomy because the trend of raw material costs, particularly of oil, is expected to continue upward.

The Department of Industry says the main reason for the increase in wholesale prices is higher prices of petroleum products.

Wholesale Prices



The squeeze on manufacturers intensified as the annual rate of increase of material and fuel costs continued to accelerate from a high rate of 17.8 per cent in September to 18 per cent in October. About two-thirds of this increase resulted from the higher price of oil.

This was the eighth consecutive month in which this index increased at an accelerating rate.

It is expected that next month

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Consumer credit expands, Page 7
Cost of supporting jobless, Page 9

RHM hits back with raid on British Sugar

By Christine Moir

RANKS Hovis McDougall, the baking and grocery group, owns 10.5 per cent of British Sugar after a market raid yesterday which mirrored last Tuesday's attack on its own shares by the sugar group.

British Sugar owns 14.7 per cent of RHM and is still considering whether to make a bid for the rest. However RHM is clearly not prepared to sit back and await the decision.

Yesterday's market raid was accompanied by another strong defensive move—the announcement of a surge in profits.

RHM is not due to publish its preliminary figures for the year to September 5 for a fortnight but when they come, the group said yesterday, they will be "of the order of £45m" compared with last year's £32m pre-tax.

Shareholders are also told to "expect good cheer" over the dividend. The market reaction was to drop RHM's share price to 65p, 3½p below British Sugar's raiding price.

RHM's profit forecast has parallels with British Sugar's defensive moves in fighting off the bid from S and W Berisford earlier this year. At that time it forecast that pre-tax profits for the year to the end of September would rise from £34m to £49m and the final dividend would be not less than 14.5p to give a total of 22p net.

RHM's purchase of 6.3m shares in British Sugar, which cost it £24.3m yesterday, at the raiding price of 385½p, will produce a dividend payment of at least £900,000.

But the significance of the move goes far beyond that. RHM said yesterday that it would explain all to shareholders shortly, but meanwhile the board thought it appropriate to take a "strategic stake in British Sugar."

Although RHM categorically denied that its strategy involved discussions with Berisford, the attitude of the international commodities trader is clearly crucial.

Berisford owns 40 per cent of British Sugar and has made no secret of the fact that it wants to bid again for the rest as soon as it is allowed under the Takeover Code. It has said that

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£ in New York

—	Nov. 6	Previous
Spot	$1.8820-8840	$1.8730-8750
1 month	0.22-0.15dis	0.22-0.15 dis
3 months	0.35-0.25dis	0.33-0.23dis
12 months	0.20 dis—Par	0.10dis-0.10pm

Poland's IMF membership bid a relief to Western bankers

BY CHRISTOPHER BOBINSKI IN WARSAW AND ANTHONY ROBINSON IN LONDON

POLAND HAS followed the example set by Hungary last week and is to apply for membership of the International Monetary Fund and World Bank.

A top-level delegation led by Mr Zbigniew Karcz, the senior Polish Finance Ministry official leading the team re-negotiating Poland's debt with Western banks, left Warsaw for Washington yesterday.

Western bankers greeted the news with undisguised relief.

Many of the 450 Western banks in negotiation for the rescheduling of Polands total $27bn (£14.4bn) hard currency debt to banks and government credit institutions have been urging membership.

They have already made clear their deep reluctance to provide the country with fresh funds in addition to postponing cpaital repayments on existing debts.

As an IMF member Poland could theoretically borrow up to 450 per cent of the fund quota fixed on entry.

Comecon member Romania has a quota of SDR 367m (£227m) while non-alinged Yugoslavia has a SDR 415m quota.

Polish officials believe that their countrys quota could be about SDR 850m given the size of the Polish gross national product and the 36m population.

A delegation from the IMF will have to visit Poland as part of the entry process and bankers would welcome the objective account of the economy which this could produce.

As an IMF member Poland could also benefit from the kind of technical assistance which the Fund and the World Bank together gave to Yugoslavia in 1965.

Yugoslavia devalued the dinar and introduced fundamental price reforms aimed at converting its economy to a form of self-managing, free-market socialist system.

The side-effects included high unemployment and painful re-adjustment. However, the reforms formed the basis for a decade of rapid growth and an opening to the world market.

In political terms Western bankers and Polish experts believe that it would be easier for similar reforms to take place in Poland if they were presented as part of the price of IMF membership and imposed from outside as the result of an objective analysis of the country's economic crisis.

Over the past year Polish officials have made informal soundings about rejoining the institutions they were forced to leave on Stalin's orders in 1950.

The final decision to apply is believed to have been delayed pending the removal of the Soviet Union's former objection to Communist countries joining the leading financial institutions of the non-Communist world.

BIS may abandon loan plan, Page 2

Ford faces strike threat

BY JOHN LLOYD, LABOUR CORRESPONDENT

Unions representing Ford's 54,000 manual workers yesterday threatened a strike in two week's time unless the company improves its 4.5 per cent pay rise offer.

There are indications, however, that an improved offer might be on the way. And yesterday the company withdrew its previous conditions that the increase would be paid only if employees fulfilled measured efficiency targets.

Mr Ron Todd, the union's chief negotiator, said after a four-hour meeting with the Ford management yesterday that if the company did not indicate that it was willing to improve its offer by November 13, the unions would recommend to their executive that a "major dispute" should be called throughout Ford from November 24.

This would mean an all-out strike, he said. "We are not going to be tapping on the window with a sponge. We are not looking for confrontation but neither are we looking for a right-hander from the company."

However, it is understood that Mr Paul Roots, the company's industrial relations director, indicated during the meeting that more money could be available, and several of the union negotiators do not believe that the company will allow the November 13 deadline to pass without calling them back for further talks.

Yesterday, Ford said the increase would be paid—and be reflected in premium rates—if the union side agreed to the five efficiency principles laid out by the company in the opening round of talks 10 days ago. These were the need for optimum mobility and flexibility; co-operation with new technology; avoidance of demarcation restrictions; full overtime flexibility; and the avoidance of lost time during working hours.

The company has also repeated its refusal to move towards a working week shorter than 40 hours, and to improve the pension scheme.

Lucas recovers in second half

BY JOHN MOORE

LUCAS INDUSTRIES, the motor components and aerospace equipment group, made almost £5m profit in the second half of its last financial year, after high redundancy and closure costs of £19.2m.

Losses of £25.4m in the first six months of its financial year, however, have meant that the group is showing an overall loss for the year to July 31 of £21.43m compared with a pre-tax profit of £41m in the previous 12-month trading period.

Redundancy and factory closure cost for the year totalled £26.4m, of which £25.2m was incurred in the UK. During the year the number of people employed in the company has ben reduced by 10,267 to 53,728.

On the London stockmarket shares of Lucas rose 26p to 198p yesterday after the announcement of the results.

Mr Bill Shield, the finance director, said yesterday that they had maintained the dividend at 11p per share for the year because substantial reserves had been built up over previous years and Lucas expected to make "reasonable profits" in the coming trading year.

Lucas revealed that the vehiclet equipment companies made an overall loss of £45.3m, compared with a profit of £27.3m in the previous year. In the UK the group's companies suffered from lower demand due to a 20 per cent reduction in vehicle production. The group was hit by the substantial de-stocking of vehicle manufacturers and lower demands from export customers.

On the aerospace side, profits increased by 127 per cent to £21.2m. The group said: "Lucas Aerospace in the UK had an outstanding year, with production and sales levels 42 per cent higher than last year."

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EUROPEAN NEWS

BIS likely to abandon $500m Polish loan plan

BY PETER MONTAGNON IN BASLE

A PROPOSAL for the Bank for International Settlements (BIS) to lend Poland $500m has been all but scrapped because of resistance from the central banks who would have to act as guarantors.

Central bankers attending the monthly meeting of the BIS in Basle said that France, which first proposed the credit this summer in the framework of official Western assistance to Poland, would still like to go ahead. Other central banks, however, say they lack the legal authorisation to stand as guarantors in case of non-repayment.

The BIS, known as the central bankers' central bank, has extended short-term credits in the past to countries in payment difficulty. This was notably the case with Portugal and Turkey in the mid-1970s.

The Portuguese credits presented no technical problem as Portugal was able to offer gold as collateral. Poland has no such collateral and, as with Turkey, several Western central banks would have to seek legal powers for their governments to guarantee the funds.

There seems to be little political willingness to do this, given the budgetary constraints prevailing in many of the countries concerned. As a result any credit which might materialise is unlikely to be channelled through the BIS.

Separately, the bankers expect Dr Fritz Leutwiler, president of the Swiss national bank, to be elected today as the new chairman of BIS in succession to Dr Jelle Zijlstra, governor of the Netherlands

Christopher Bobinski writes from Warsaw: Efforts to end a 19-day strike by more than 100,000 workers in western Poland foundered yesterday, dashing earlier hopest that an agreement would be signed soon.

Solidarity union leaders, meanwhile, asked the Communist Government to start national labour peace talks in Warsaw on Friday.

The strike in Zielona Gora began with union demands for the dismissal of three managers at a local state farm where a union official had been dismissed. While the official has been reinstated, the authorities are unwilling to sack one of the managers, Mr Henryk Lesniewski, a prominent member of the local Communist party.

Signs of progress, however, came at the Sosnowiec colliery in Silesia where strikers are demanding that before starting talks a news conference at which they will present their case be broadcast on national television. A Polish television team went to work at the mine yesterday as the stoppage entered its tenth day.

Bankers sceptical on U.S. rates

BY PETER MONTAGNON

EUROPEAN central bankers attending the monthly meeting of the Bank for International Settlements in Basle, said they were deeply sceptical about the durability of the current decline in U.S. interest rates.

They remained concerned by the size of the U.S. Government's budget deficit, expected to reach almost $100bn (£55.5bn) in the current fiscal year.

Finacing such a deficit was not consistent with a cyclical decline in interest rates unless the U.S. Federal Reserve radically relaxed its monetary policy—"and there is no sign of that" one banker said.

Because of this, the central banks have said they felt the euphoria in world bond markets last week was overdone.

Interest rates in the U.S. can only come down in the longer term if there is a really serious recession next year, one central banker declared, adding that he still doubted that this was likely.

Several central bankers added that the consequences of any recovery in U.S. interest rates would almost certainly keep the dollar strong on foreign exchange markets.

This means that the prospects for European countries being able to reduce their own interest rate levels at the moment is rather limited, they went on.

Talks fail to end Spanish party crisis

By Tom Burns in Madrid

A SERIES of meetings between Sr Leopoldo Calvo Sotelo, the Spanish Prime Minister, and leaders of his Union de Centro Democratico (UDC) party, has failed to resolve the week-long crisis in the party which has paralysed government business.

They have served only to emphasise the irreconcilable positions adopted in the struggle to control the party.

However, in order to rebut speculation that the stalemate could force Sr Calvo Sotelo to resign or call a snap election, the Cabinet Office issued a statement saying he intended to remain as Premier until elections are due in 1983.

The flurry of contacts between UCD politicians over the past 48 hours included two extended meetings between Sr Calvo Sotelo and Sr Agustin Rodriguez Sahagun, the party chairman, in which the former again failed to obtain the latter's resignation.

Sr Calvo Sotelo's determination to end the faction fighting in the UCD hierarchy by taking direct control of the machinery is matched by Sr Rodriguez Sahagun's insistence that he will only resign after a full internal debate and at the request of the party's executive committee.

The unexpected obduracy of Sr Rodriguez Sahagun has stressed the profound divisions within the UCD that came to a head last Monday when key members of the social democrat wing left the party claiming it had shifted electorally to conservative positions. Sr Rodriguez Sahagun's stand reflects the declared interest in the power struggle of his chief promoter, former Prime Minister Adolfo Suarez.

Acting as the UCD elder statesman, Sr Suarez has made clear his conviction that, should the Prime Minister have a free hand in the party machinery, it would increasingly lose its centrist and reformist image. The open rivalry between Sr Calvo-Sotelo and his predecessor as Premier has been highlighted by the refusal of the two power brokers to meet

The continued squabbling has also produced a chorus of protest from opposition groups. Echoing a widely felt concern, Sr Felipe Gonzalez, the Socialist leader, pointed to the grave dangers of a power vacuum

Nigerian fishing ship 'hijacked' to Norway

By Fay Gjester in Oslo

A NIGERIAN fishing vessel, the Agbodo, has arrived at the South Norwegian port of Flekkefjord, "hijacked" by its Norwegian officers and skipper in support of their claim for about NKr 300,000 (£27,347) in wages.

The four Norwegians want a Norwegian court to put a lien on the boat, while the vessel's owners have demanded its immediate release. The Norwegian courts are puzzled about how to tackle the case

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Denmark optimistic over North Sea tax system

COPENHAGEN, — Danish Government officials are optimistic that a flexible taxation system to cover future oil or gas production from Denmark's part of the North Sea Continental Shelf will be attractive enough to ensure interest from a large number of prospectors.

As outlined by Mr Mogens Lykketoft, Minister of Taxes, and Mr Poul Nielson, Energy Minister, the maximum tax total, including an 8.5 per cent royalty, will not exceed 83.5 per cent of the production value—or somewhat below the levels set by Britain and Norway.

The taxation system, to be presented in the Folketing (parliament) later this month, is due to take effect n January

Mr Lykketoft described the system as fiendishly complicated, but offered these key elements:

- Average production tax, excluding royalty, will amount to 70 per cent of net production value;
- Each field will be taxed individually, with no possibility of transferring losses or profits from one operation to another;
- The royalty is expected to remain at the present 8.5 per cent;
- Profit allowed producers will exceed 20 per cent;
- For 10 years, an amount corresponding to 25 per cent of total investments will go untaxed.

COMMISSION FORECASTS 30% RISE IN UK PAYMENTS

EEC budget threat to Britain

BY JOHN WYLES IN BRUSSELS

BUDGET FORECASTS by the European Commission which point to a 30 per cent rise in the UK's payments to Brussels next year threaten to complicate Britain's campaign for a long-term cut in its EEC contributions.

Although the probable 1982 budget total of 2.02bn European currency units (£1.172bn) is seen by the British as in need of reduction, France, Denmark and others will argue that the UK's problem is not as serious as it seemed 18 months ago and that all that is neded is another two- or three-year arrangement.

Britain's 1980 and 1981 payments have been cut under a temporary agreement reached in May last year. Although this could be extended into 1982, Mrs Thatcher, the British Prime Minister, wants the EEC summit in London in 16 days to agree in principle to long-term reductions which would be phased out as EEC spending in the UK began to match Britain's transfers to Brussels.

As chairman of the summit and responsible, therefore, for maximising agreement, she may find it difficult to stage a conffontation with other heads of government. The signs are that their positions are hardening not only because a negotiation is in prospect, but also because they feel that the British got away with too much in last year's temporary settlement.

This reduced the UK's 1980-81 payments to around 440m ecu (£255m), or only about one-third of what was anticipated, largely because the growth of EEC farm spending has tumbled and Britain's slice of this has increased.

Although Mrs Thatcher will find it politically impossible to agree to give more to Brussels than the UK has paid in 1980-81, France and other member states are preparing to drive a tougher bargain than was conceded to the British last year.

They will argue that the Commission's forecasts for 1982 almost certainly overstate the British problem, as did its forecasts in the spring of last year which pointed to a 1981 payment higher than the one forecast for 1982 and about £350m larger than will probably [...] case.

As a result, they will [...] that any new arrang[...] should be based on the as[...] tion that changes in agric[...] and other policies are h[...] the British and that an[...] mechanism should be shor[...] and less generous than th[...]

West Germany's deman[...] limits on its budget pay[...] are also hardening att[...] against the UK, as other [...] ber states hope, p[...] mistakenly, that Bonn [...] climb down if concessi[...] Britain are kept at a min[...]

Given such complic[...] neither the British no[...] other member state expe[...] London summit to make [...] headway on the issue.

● Mr Ivor Richard (left): accuses his party colleagues

Richard attacks breach of Ga[...]

BY OUR BRUSSELS CORRESPONDENT

MR IVOR RICHARD, the former Labour MP who is now one of the two British members of the European Commission, yesterday accused the Labour Party of being "profoundly wrong" on Europe and of proposing policies "which could place Britain in the greatest peril."

In his sharpest attack on his party colleagues, Mr Richard claimed that the party's "alternative economic strategy" could deal the British economy "a mortal blow." It was based on a "massive system of import controls" and the party was right in thinking that the strategy was incompatible with EEC membership.

But the party was failing to admit that its policy was also totally incompatible with the General Agreements on Tariffs and Trade (Gatt).

Speaking at the Royal Institute of International Affairs at Chatham House, in London, Mr Richard asserted that breaching Gatt agreements would bring about "massive and widespread retaliation" from Britain's trading partn[...] realities of world tr[...] membership of the EE[...] prevent implementation [...] alternative strategy [...] Richard said.

Confronting the [...] Party's argument that [...] was a capitalist club h[...] progressive policies, [...] Commissioner invited [...] members to "go and [...] President Mitterrand [...] Socialist colleagues in [...] who believe that acti[...] Community scale giv[...] policies more cha[...] success.

Boost for research and development poli[...]

BY OUR BRUSSELS CORRESPONDENT

THE EUROPEAN Community yesterday made a modest advance towards a more active research and development policy by committing £28m of its money to backing studies in microelectronics and bio-molecular engineering.

Meeting for the first time in two years, EEC Ministers responsible for research appeared anxious to embrace the European Commission's general theory that a more active research and development policy was needed at Community level.

The spending agreement, unexceptional in cash terms, is intended to symbolise this. Some 40m European currency units (£23.2m) is to be devoted to a four-year programme of support for projects aimed at developing the EEC's capacity for producing manufacturing equipment for microchips. In order to qualify, a project must have the backing of more than one member state.

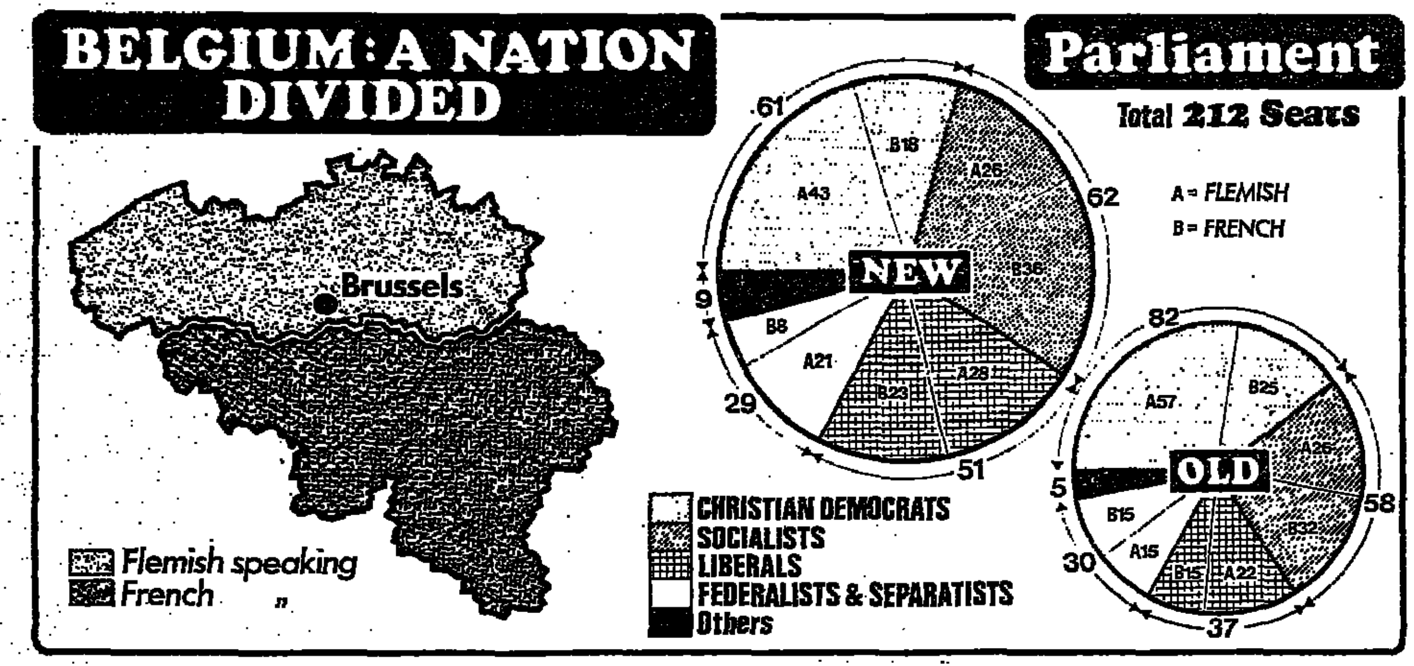
A further 8m ECU (£4.6m) represents an initial two-year commitment to helping research and development in the bio-molecular sector, particularly that focusing on the development of new reactors using immobilised multi-enzyme systems.

As evidence of the new importance to be attached to Community research and development activity, the Ministers resolved to meet again in the first half of next year. They will then consider papers from the Commission on how much the Community as a whole can instigate research and [...] ment programmes, ho[...] can act as a catalyst for [...] programmes and on [...] assess the effectiveness [...] activity.

Ministers shied aw[...] endorsing the Com[...] view, set out in a strateg[...] that the EEC budget [...] double its spending on [...] and development in [...] between now and 198[...] wanted more assurance [...] effective Community [...] could first be develope[...]

Giles Merritt, in Brussels, examines the ominous implications of last weekend's poll result

Belgium emerges more divided than ever



IT SEEMED impossible, but as a result of its weekend general election, Belgium is now more deeply divided than ever. The chances of the country being able to avoid either prolonged political paralysis or sudden and violent upheaval seem slim.

To make things worse, Belgium's latest political difficulties are likely also to affect the European Community as a whole. Although a crucible of the European ideal, Belgium's fitness to take over the presidency of the EEC Council of Ministers in the New Year for the six-month term is now very much in question.

The essence of the new crisis is that the notorious rift between its Dutch-speaking Flemish and French-speaking Walloon communities is no longer the prime division. For last Sunday's voting has thrown up a clear-cut distinction between right-wing and left-wing political opinion in the country. The new divide transcends the traditional "language war" split that has vexed Belgium for 150 years, yet at the same time exacerbates it.

If that sounds paradoxical, it is because the results of the weekend voting have opened a Pandora's box of political paradoxes. And all of them make the future of once-stable and prosperous Belgium more uncertain and insecure.

For the first time in 16 years, Belgian voters have expressed their wishes clearly and unambiguously. Yet the effect is even less satisfactory than when they have voted along traditional and predictable lines and perpetuated the myriad splinter parties that made Belgian politics so hard to understand. From the 25 political factions and fractions which fought the election, two major blocs emerged.

Belgian voters have reacted to the deepening economic crisis engulfing their country. Irrespective of linguistic loyalties and in an unprecedented shift of political opinions, they have backed either the Conservative parties that promise to save the economy through austerity, or the Socialists whose priority is to save the economy through saving jobs. Much of the fringe politics thrown up in post-war years by the language squabble has been made irrelevant at a stroke.

The further paradox, though, is that those peripheral parties that have bedevilled and complicated Belgian politics in the past can now be seen as making up a benign muddle. The alternative thrown up by the voters has all the hallmarks of malign confrontation and, far from defusing the time-bomb of Flemish-Walloon resentments, could well detonate it.

The position is that there are now three dominant political groupings in Belgium; from Right and Left they are the Liberals (so-called because of their anti-clerical roots, not their politics), the Christian Democrats and the Socialists. Both the Liberals and the Socialists have made important gains in francophone territory, while in Flanders the Liberals have made large inroads into the vote held by the more moderate Christian Democrats and the Socialists have held their ground.

The problem with this polarisation is that, in the arithmetic of Belgium's 212-seat Lower House, the Chamber of Deputies, there now seems no possibility of a Government with a working majority other than one so right-wing that its formation could split Belgium apart.

An alliance between the battered Christian Democrats and the thrusting Liberals would have an overall majority in the Chamber. But even then it would be of just five seats and, given the uncertainties of Belgian politics, would be extremely vulnerable. To be secure, that right-of-centre coalition would require the participation of Flanders' militant Volksunie, the staunch "federalists" who believe that ailing Wallonia should sink or swim without Flemish subsidies and who have just seen their parliamentary strength increase by a third to 20 seats.

That coalition, of course, excludes the Walloon Socialists from office, even though in the election they consolidated their position as the dominant francophone party and, thanks to successes in both the south and in Brussels, pushed their Chamber seats from 32 to 36.

Such is the mood of Belgium today that a right-wing Government containing Walloon Liberals and Christian Democrats would nevertheless be seen in Wallonia as an "anti-democratic" coalition. To reject the Walloon Parti Socialiste would be to foment civil disobedience and disorder in Wallonia's stricken steel and engineering towns and strengthen the hand of those Walloon extremists who are urging some form of secession.

There is, however, no apparent alternative to such a potentially destructive coalition if Belgium is to have a new Government. The likely appointment by King Baudouin of a Flemish Liberal, Mr Frans Grootjans, to the key post of "informateur" charged with opening talks on a new government line-up seems to bear that out. Thanks to the polarisation of Belgian politics, the Walloon Socialists, in effect, are mandated to oppose any move toward austerity measures that would cut industrial subsidies.

When Belgian politics consisted of varying shades of grey, broadly based governments that encompassed 80 per cent of all votes were the rule. They were also inevitably shaky, so that there have been 31 of them since the Second World War. But now that the spectrum is overwhelmingly made-up of truest blue and deepest red, Belgium's Socialists are being pushed into opposition when there is no tradition of loyal opposition.

The need for a durable Government along the lines that a Liberal-Christian Democrat pact might provide is compelling nevertheless. Belgium's galloping state deficit in 1981 was to have been BFr 200bn (£2.89bn), will in fact be over BFr 250bn (£3.62bn), is being cited for 1982 at BFr 300bn (£4.34bn) and, on past form, could be nearer BFr 350bn (£5.07bn).

Foreign borrowings in the two years since they were resumed after a decade of abstinence have reached a point where the country's Triple A rating in the Euromarkets is uncertain and, failing genuinely tough austerity measures, stand-by IMF credits together with IMF restrictions lie in wait next year.

A Centre-Right coalition could avert that and help halt Belgium's economic decline. But if it included the Flemish Volksunie, the first victims of cutback would probably be Wallonia's traditional industries. The new Cockerill-Sambre steel giant is living hand-to-mouth on grants, and its steelworkers would almost certainly be required to accept real wages cuts before it receives the first tranches of the BFr 90bn it needs to survive. The economic husbandry of a Centre-Right Government could set Wallonia afire.

The political skirmishing that resulted in the Government after Belgium last went to the polls in December 1978 lasted four months. There are no indications how long that process will last this time, when there is considerably less room for manoeuvre. What is already beginning to worry Belgium's European Community partners, though, is whether the political impasse will be resolved in time for it to take over the EEC presidency baton from Britain on January 1. That unknown is made no less difficult by the knowledge that the same industrial and economic issues that are dividing Belgium are those that are splintering the EEC.

W. German industry investment 'will stagnate next year'

BY JONATHAN CARR IN BONN

INDUSTRIAL investment in West Germany will in general stagnate next year, although the mining sector will register another big spending increase.

This emerges from a survey of the investment plans of more than 5,000 enterprises taken by the IFO Economic Research Institute of Munich this autumn, and published today.

The survey shows that, overall, industrialists will invest only about the same sum in plant and machinery in nominal terms in 1982 as they did this year. That means a cut of nearly 4 per cent in real terms after allowing for inflation.

Much the worst-hit sector remains the construction industry, which will see an investment cut in nominal terms of 10 per cent next year, after one of 25 per cent this year.

The mining industry will show a rise of 17 per cent after one of 30 pe cent this year—a boom stimulated above all by the exploittaion of domestic coal to cut the country's imported energy dependence.

The institute notes that if the economy picks up in coming months, these investment figures will be revised upwards. But its survey also makes clear that even if this occurs, a marked improvement on the labour market cannot be expected.

Only 19 per cent of industrialists say their main investment aim next year is to enlarge capacity—compared with 34 per cent who gave this aim this year.

On the other hand, 53 per cent will be investing mainly to rationalise, compared with 41 per cent this year.

This intensification of the drive to rationalise helps support recent forecasts that the average number of jobless will rise to more than 1.6m next year from 1.3m this year—even if economic growth impoves.

Real incomes will have to fall, says Lambsdorff

BONN — Count Otto Lambsdorff, the West German Economics Minister, said yesterday that real incomes will have to fall in the coming pay round, and called on both employers and unions to show restraint

"There is appreciably less to go round this time, and this fact must be accepted," he said in a West German radio interview.

Too much should not be expected from talks tomorrow between Government, unions and employers, which have been called to discuss rising unemployment. The Government has no new plans or initiatives to unveil, he added.

Herr Alois Pfeiffer, a member of the West German trade union federation's national executive, told a television interviewer that real wages will have to be maintained if economic demand is to be stimulated.

The unions will take account of the unemployment problem in formulating their wage demands, he added.

Reuter

THE INDIAN Prime Minister, Mrs Indira Gandhi (left), was met at Rome military airport yesterday by Sig Giovanni Spadolini (right), her Italian counterpart, at the start of a four-day official visit.

She later had a private audience with Pope Paul II, although the subjects of the talks were not revealed. Mrs Gandhi arrived at the Vatican at noon, two hours after flying from Sofia, Bulgaria. She had visited the Vatican once before with her father, Mr Jawaharlal Nehru,

The chief Vatican spokesman, the Rev Romeo Panciroli, said Mrs Gandhi presented John Paul with a wooden carving depicting the Last Supper. The Pope gave her a medal of his pontificate.

Italy MPs put curb on speeches

By Rupert Cornwell in Rome

THE ITALIAN Parliament has taken a big step towards putting its own house in order by limiting the time members can speak to a standard 45 minutes, with an absolute maximum on exceptional occasions of 90 minutes.

The step, voted through by a massive majority, should put an end to the systematic obstructionism often waged by the left-wing Radical Party. This has made Parliament unworkable on a number of occasions and contributed in large measure to its loss of prestige.

Earlier this year the Radicals, who hold only 18 of the 630 seats in the Lower House, blocked Parliament for seven days with a filibuster against proposals to extend police powers to hold terrorist suspects without charge.

Worse still was in prospect over the current debate to change procedure rules. The Radicals had tabled more than 53,000 amendments whose discussion, it had been calculated, would have lasted well into 1983.

However, these have now been ruled out-of-order, and the sharp curtailment of speaking time means that the latest discussions ought to be kept to a reasonable length.

The practice of obstructionism has seemed particularly hard to justify here since the constitution provides explicitly for controversial laws to be taken directly to the people. This spring, six such referenda were held, five of them at the instigation of the Radicals, and all proposals were resoundingly defeated.

The chamber now has to discuss another procedural improvement that would organise future business on a better basis. The haphazard nature of the timetable has been a further factor in Parliament's decline.

Its surrender of power to party secretariats is accepted as being one of Italy's principal constitutional and institutional problems. Reduced to a more talking-shop, Parliament has become more and more prone to abuse such as that of the Radicals.

Pretoria bows to black protests over pension Bill

BY JIM JONES IN JOHANNESBURG

THE SOUTH AFRICAN Government has bowed to the pressure of the country's black labour force and organised industry, by dropping a Pension Bill which has been largely responsible for a wave of strikes.

After months of almost daily labour unrest, mainly in Natal and the Eastern Cape, culminating in the estimated loss of 20,000 shifts in October, the influential Federated Chamber of Industries called on Pretoria to withdraw the Preservation of Pension Interests Bill. The Chamber was echoing a similar call from the Federation of South African Trade Unions.

The Government, which had previously attempted to defuse opposition to the Bill by announcing a three-year delay in its implementation, responded at the end of last week by agreeing that the Bill would not proceed. "Before the introduction of legislation in this regard will be considered further, in-depth consultation will take place with the leaders of the parties concerned."

This last phrase amounts to acknowledgement of the argument of black trade unionists that, in the new age of trade unionism in South Africa, industrial relations could only be carried on through negotiation with the workers, black as well as white.

A union spokesman said at the weekend that the Government's decision was "the first time in many years that the Government has recognised the need not to introduce measures affecting black workers without negotiating with the workers themselves."

The pensions Bill provided for the "preservation" of all employee contributions to pension funds. Thus employees would not be allowed to withdraw contributions on leaving a job but would have to wait until retirement age.

This proposal ran into unexpectedly strong protests from the black labour force. Black workers have traditionally tended to look on pension schemes as a form of savings, in which the contributed funds can be claimed at will, rather than as a retirement annuity.

Since the publication of the draft Bill, workers have tried to opt out of company schemes to avoid "preservation." The result has been either the paying-out of damagingly large amounts by pension funds or, in cases where managements refused, strike action.

Court clears way for uranium shipments

By Patricia Newby in Canberra

AN AUSTRALIAN court ruling may have cleared the way for the export of A$24m-worth (£14.6m) of uranium oxide which has piled up on the Brisbane wharf because of union bans on ships carrying uranium.

In a separate move, the Northern Territory government is making preparations to shift, with non-union labour, about 300 tonnes of uranium oxide from the energy resources of Australia's ERA Ranger uranium mine which have been on the wharf at Darwin, for a month because of union bans.

Mary Kathleen Uranium (MKU), which has been unable to export uranium through Brisbane since June, has obtained an injunction against further hindrance by the seaman's union, which it hopes will be sufficient protection for it to clear the Brisbane backlog and for shippers again to carry such cargoes.

In fact no union bans have been in force recently because shipping lines have refused to handle uranium oxide in view of the Seamen's Union's past refusal to man tugs for ships carrying the cargo.

Shanghai—waiting for jobs in the world's biggest city

BY TONY WALKER, RECENTLY IN SHANGHAI

UNEMPLOYMENT IS a word never mentioned, even in a whisper, by any self-respecting Chinese bureaucrat. In China people "wait for the jobs." Some, like Miss Sun, an attractive young Shanghainese, have been waiting since they left school in the mid-1970s.

Miss Sun now has a job of sorts. She pieces together battery-operated plastic toys for export to the Middle East, for about $10 a week. Miss Sun is relatively lucky. Millions of youngesters "waiting for jobs" in China earn less than half that amount helping to run stalls in free enterprise markets which have mushroomed by the thousand across the country.

Since China does not officially recognise it has an unemployment problem there are no statistics for the number of people out of work. Full employment is "guaranteed" my the state. But according to western-based estimates the figure could be as high as 20m.

The problem of unemployment in Shanghai—the world's most populous city — is now critical and is getting worse each year as several hundred thousand middle school graduates pour onto the labour market each year.

This is compounded by hundreds of thousands of young Shanghainese who, like a gun at the heads of Shanghai's harrassed officials, are scattered around the country, agitating, sometimes violently, to return to their birthplace.

These young people were driven to the countryside during the cultural revolution under doctrinaire Maoist policies which extolled the virtue of agrarian toil. Many were taken to places as distant as Xinjiang and Yunan and, in the words of one foreign teacher working in China, "dumped off the backs of trucks in the middle of nowhere and told to get on with it."

An estimated 100,000 Shainghai youths were "encouraged" to go to Xinjiang, a forbidding expanse of desert and mountains enclosing a small pocket of civilisation near the Soviet border.

When the cultural revolution ended, most of these young people wanted to return home. While many—400,000 according to local officials—have been allowed to return, there are many—certainly tens if not hundreds of thousands—who have been prevented from doing so.

These disaffected youths bring constant pressure to bear on local officials where they live and work, on central authorities in Peking, and on the Shanghai municipality.

In the face of these refusals, the Shanghai youth in Xinjiang organised several delegations to travel to Peking to plead their case, but without success. Late last year, several thousand disaffected Shanghainese gathered in a place called Aksu in the west of Xinjiang, near the Soviet border, to protest against government policy.

According to a letter from one of the participants to the Hong Kong left-wing publication, Cheng Ming, more than 1,000 took part in a fast which went on for about a week. Agitation also spread to other centres where youths from Shanghai were living. The fast ended when local authorities agreed to allow youth around Aksu to return to Shanghai. Permission was rescinded, however,

Dong Chai Bang, a vice-general party secretary in Shanghai, admitted in an interview that it was a "tough problem."

"If all the young people come back who want to come back we could not cope with them."

Dong's bleak message to the thousands of Shanghai youth trapped in country areas is: "In the long run everyone must make sacrifices for the country,

Another official admitted there were a number of young people living "illegally" in Shanghai, and many of these had returned secretly

On the basis of one visit to a Shanghai neighbourhood employment office, discussions with several young people, and interviews with several officials it is possible to say, with caution, that the municipality is achieving some success in its efforts to mop up the army of unemployed youth that has been hanging around this city of 12m since the end of the "cultural revolution."

According to Shanghai labour officials, jobs have been found for more than 1m youths since 1976. Those still "waiting for jobs" number some 130,000.

Local authorities are clearly sensitive about unemployment problems. When I asked to be taken to a "typical" labour office, I was shown a "model" bureau where, according to district officials, there was virtually no unemployment problem.

Under questioning, officials admitted that this area was privileged by Shanghai dards. Still, there seer doubt China's new ecc policies, encouraging growth of collective and dual enterprises, are help ease a problem that still as one of the biggest chal facing the leadership.

A young co-operative worker endeavours to sell his w —traditional painted screens.

Zambia High Court frees second union leader

BY MICHAEL HOLMAN IN LUSAKA

THE ZAMBIAN High Court yesterday ordered the release of a prominent trade unionist detained without trial since last July. It is the second such move by the court within a fortnight.

Mr Newstead Zimba, general secretary of the Zambia Congress of Trade Unions (ZCTU), was detained together with three other labour leaders, following a national broadcast by President Kenneth Kaunda, in which the President was highly critical of the union movement.

Mr Frederick Chiluba, chairman of the ZCTU, was released on October 28 by the High Court. In both cases, the court upheld the *habeas corpus* application. The cases of the two remaining labour leaders have yet to be heard.

The detentions came in the wake of two separate strikes at the country's vital copper mines, which provide over 90 per cent of export earnings.

The strikes have been a factor in falling production, down to 320,000 tonnes in the first seven months of this year, compared with 358,000 tonnes in the same period of 1980. Production by the end of this year could be as low as 550,000 tonnes, the worst level for several years.

Although the court ruling may be embarrassing for the Government, it may also serve further to defuse what have been tense relations between the authorities and the Right-leaning trade union movement, which has been critical of President Kaunda's Socialist policies.

India trade gap 'narrowing'

By K. K. Sharma in New Delhi

INDIA'S Commerce Ministry has reported promising signs that the country's trade gap is narrowing, and that in 1981-82 it will be substantially less than the Rs 5bn (£3.1bn) registered in 1980-81.

If the hopes materialise, the smaller deficit will be of great help in conserving foreign exchange reserves, the depletion of which has forced the Government to ask the International Monetary Fund for a $5.6bn (£3bn) loan.

Officials say the trade gap in the period April-August 1981, was Rs 22.9bn, compared with Rs 5.95bn in the same period last year. This is because of a 12 per cent rise in exports and an actual drop of 0.5 per cent in imports.

If this trend persists, the trade gap should be well below Rs 50bn.

Lebanon arms—smuggling curb

BY IHSAN HIJAZI IN BEIRUT

PLANS ANNOUNCED by a committee of Arab Foreign Ministers to check arms smuggling into Lebanon involve the setting-up of an observer force to patrol the coast from North to South, according to reports published in Beirut yesterday.

The aim is to stop the illegal flow of weapons to rival factions in the country. The measures will apply to all armed groups, including Palestinian guerrillas.

The Arab League committee, seeking to assist the Lebanese Government in ending interim strife, includes the Foreign Ministers of Kuwait, Saudi Arabia, Syria and Lebanon, as well as the secretary-general of the Arab League, Mr al-Chadli Kleibi. It made its announcement on Sunday after weekend talks.

According to reports, between 15 and 20 observation posts will be set up along the coast with 50 men in each. The observers will be provided by Lebanon and member-states of the follow-up committee and will be backed by a small naval force.

The force will be financed by the Arab League with money contributed by oil-rich Arab states, which are already paying $90m (£48m) every six months for the upkeep of the 26,000 Syrian troops of the Arab Deterrent Force in Lebanon.

There is no indication of when the observer force will be formed.

Right-wing leaders appear unimpressed by the development. Former President Camille Chamoun said the Christian alliance, known as the Lebanese Front, which he heads, would not agree to the measures unless the Syrians withdraw their troops from central Beirut and the outskirts of the Christian town of Zahle in the Bekaa Valley in the east of the country.

U.S. airborne troops fly to Cairo for manoeuvre

BY ANTHONY McDERMOTT IN CAIRO

ABOUT 1,000 U.S. troops, many of them from the 82nd Airborne Division arrived at Cairo West airbase yesterday to take part in a three-week joint military exercise with Egyptian forces.

Code-named "Bright Star," the operation will be on a larger scale than last year and a total of 4,000 U.S. troops and an equivalent number of Egyptians will be involved in three-stage exercises lasting until November 25. The exercises will also involve operations at a later date in Sudan, Somalia and Oman.

At one point eight B-52's flown direct from North are due to make live b runs over the western de

Operation Bright Star ceived little attention Egyptian Press, beyond ment by Gen. Abdel-Hali Ghazala, the Defence M who emphasised the bene Egypt of joint training w U.S.

Meanwhile members Egyptian Communist o tions have been arrested first announced clampd the Left since Mr Mubarak became Pr nearly a month ago.

U.S. admits deepening recession

BY DAVID BUCHAN IN WASHINGTON

THE PRESENT U.S. economic recession will be deeper and last longer than the Reagan Administration earlier forecast, U.S. officials said yesterday.

Unemployment would exceed 8 per cent and the recession would last until mid-1982, they said.

Mr Murray Weidenbaum, the chief Reagan economic adviser, told a Press conference that *"strong recovery" would come* in the middle of next year, but in the meantime the recession would worsen.

In a weekend interview, Mr James Baker, the White House Chief of Staff, said recovery would be delayed until late spring or early summer 1982.

President Reagan formally conceded last Friday that the recession had made his target of balancing the federal budget by 1984 improbable. But Mr Weidenbuam stressed that the Administration hoped to bring the 1982-83 and 1983-84 deficits below the recession-swollen 1981-82 deficit. Mr Baker said the President was confident that "we have laid the foundation for economic recovery."

Further confirmation of the impact of recession came yesterday as major banks, including Morgan Guaranty, Chase Manhattan and Manufacturers Hanover, brought their prime rates down to 17 per cent.

Falling loan demand in the weakening economy make further cuts in the prime, as well as another reduction in the Federal Reserve's discount rate, likely soon, Wall Street analysts said.

Government statistics due out this week on wholesale prices, industrial output and retail sales are all expected to confirm the picture of an economy in a slump worse than the 1980 mini-recession.

Despite the Administration's claim that the current slump would stay "shallow," last month's unemployment rate hit 8 per cent.

The latest money supply fiures, showing a substantial drop in the measure of currency and checking savings accounts, known as M-1 B, in the week ending October 28, indicate the Central Bank is undershooting its M-1 B target for 1981.

The Administration has publicly pressed the Fed to relax money growth enough to hit its targets.

Faced with the inescapable prospect of a much larger deficit this year, President Reagan has decided to press on with his request for Congress further to cut public spending, without making any new increases in taxes or rescinding already enacted tax reductions.

In doing this, Mr Reagan is following the advice of Mr Donald Regan, Treasury Secretary. Mr David Stockman, the Budget Director, had urged that some action be taken to raise tax revenue.

Satellite 'channels' auctioned

By Ian Hargreaves in New York

RCA and *Sotheby's yesterday* successfully auctioned off annual leases on seven transponders on board RCA Americom's Satcom 4 communications satellite, but the total price of $90.1m (£49.5m) was a little lower than the most optimistic forecasts.

The unique auction attracted 50 bidders, and successful bids ranged from $10.7m to $14.4m for each transponder. Every transponder represents a channel on the satellite, which can be used either for transmitting *a single television signal or a* cluster of telephone-type signals.

The legal status of the auction was not cleared up in advance of the sale, although the Federal Communications Commission has warned that *the sale may be illegal as it* represented a transparent attempt to get round Federal limits on transponder leases, which currently sell for about $50,000 a month.

Among the successful bidders were Home Box Office, the Time Inc. pay television company, and Warner Amex, another cable television company which has also filed a suit to declare the auction illegal on the grounds that it is entitled to a transponder on Satcom 4 to replace a lease on a transponder on an earlier RCA satellite.

Satcom 4 is due to be launched from Cape Canaveral in January. It cost about $65m to build and launch and will carry 24 transponders in all.

Call to coax Quebec into pact

BY ROBERT GIBBENS IN MONTREAL AND JIM RUSK IN OTTAWA

MR JEAN CHRETIEN, Canadian Minister of Justice, yesterday called for a last-ditch attempt to bring French-speaking Quebec into the constitutional agreement reached last week *between Mr Pierre* Trudeau, the Prime Minister, and the other nine predominantly English-speaking Canadian provinces.

In a speech delivered at Calgary he said an attempt must be made to negotiate a settle*ment with Quebec, which was* left the odd man out in last week's agreement on "patriating" the Canadian constitution.

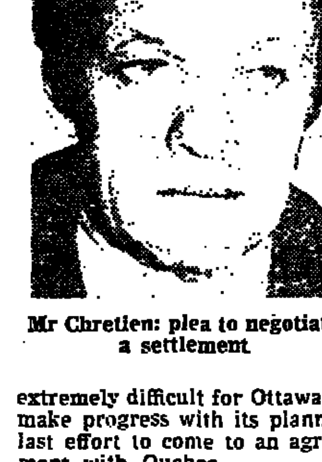
The agreement, which involves the abolition of Westminster's prerogative to make amendments to the British *North America Act of 1867,* left Quebec the loser on three counts:

● In April Mr René Levesque, Quebec's Premier, agreed with seven other premiers that Quebec would sacrifice its veto power over future constitutional amendments in return for a strong stand to be taken on provincial rights. This veto (and that of Ontario) is not part of the package agreed between the nine and Mr Trudeau.

● *The package no longer con*tains a proviso, agreed between Mr Levesque and seven other premiers in April, that a province which "opts out" of future constitutional amendments shall, where appropriate, receive financial compensation from Ottawa. The need could occur when changes and innovations are made in the field of social security and medical care

● The package opens up the possibility of further federal incursions into the provincial field of education. In particular, *Quebec could come under* pressure to repeal that part of its language laws which allows English schooling in state schools only to those anglophones born and raised in the province.

These setbacks will make it extremely difficult for Ottawa to make progress with its planned last effort to come to an agreement with Quebec.



Mr Chretien: plea to negotiate a settlement

Reagan angers black leaders

BY OUR WASHINGTON CORRESPONDENT

PRESIDENT REAGAN has angered some black leaders by coupling his support for a 10-year extension of the Voting Rights Act, a key civil rights measure, with a call for Congress to modify it.

Mr Reagan supports two specific amendments which would give states a chance to free themselves from the Act's requirements by several years of good conduct. The amendments would require the Federal Government to prove *an intent to discriminate against* minorities at the polling booths before bringing legal action under the law.

Mr Reagan's position reflects a split in the Administration between his White House aides —Mr James Baker and Mr Ed Meese, who wanted to improve relations with the black community by a straight extension of the Act—and Mr William French Smith, the Attorney General, who has sought a substantial weakening of the legislation.

The basis of the 1965 Act is that certain states, mainly in the south, and local governments with a past record of discrimination, must obtain prior clearance with Washington before making any change in the electoral rules.

Black leaders complain that proving intent to discriminate, as Mr Reagan wants, is often impossible when the politicians setting election rules are long dead.

India, U.S. likely to end uranium agreement

By K. K. Sharma in New Delhi

INDIA and the U.S. are expected to agree in Washington this week to terminate their 30-year agreement on supply of enriched uranium to the U.S.-built nuclear *power station at Tarapur in* Maharashtra State.

The U.S. has held up supplies of the enriched uranium for the past two years, following India's refusal to submit its nuclear installations to international inspection as required by recent U.S. legislation.

India has also not signed the nuclear Non-Proliferation Treaty (NPT) on the grounds that it discriminates against the non-nuclear countries.

India insists that the U.S. *is contractually bound to* supply the enriched fuel until 1993 since new legislation cannot be retroactively applied to an agreement signed in 1963.

Two rounds of talks on the subject in Washington and *New Delhi earlier this year* failed to reconcile the views of the two countries.

The conclusion of both countries is that termination of the pact is inevitable. The snag concerns the terms for *ending it. India insists that, as the U.S. has not fulfilled* its contractual obligations, it is not bound by the safeguards provided in the agreement.

The implication is that India will claim full title to the spent enriched uranium *purchased in the past and now* stored in India. This will entitle it to reprocess the spent fuel, possibly for use again at the Tarapur plant.

The U.S. fears that India will then also extract weapons-grade plutonium *from the spent fuel for* possible use in an explosive device of the kind set off in the Rajasthan Desert in 1974.

Poll test for Trinidad ruling party

Trinidad's ruling People's National Movement faced its toughest challenge in 25 years of unbroken rule, in yesterday's national elections, AP reports from Port of Spain. Four parties are contesting the elections. Mr George Chambers, the Prime Minister, predicted that his party, which controlled 24 seats in the 36-seat legislature, would win its sixth consecutive victory.

Mary Helen Spooner in Santiago examines the action against banking institutions

Doubts over Chile's financial stability

CHILE last week lurched to the verge of an economic precipice. The scare was sudden, and more like the economic turbulence familiar in countries like neighbouring Argentina than to the performance of what people have come to see as the free market success story of Latin America.

On November 3, the Government took control of four banks and four finance companies, *arrested two officials of one bank* on charges of fraud and prohibited directors of Chile's other seven institutions from leaving the country.

The Stock Exchange was ordered to halt trading in any shares of the eight financial institutions. All policies issued by two insurance companies affiliated with one of the affected banks were annulled.

The Government intervened because of the banks' "administrative deficiencies" and other violations of a new banking reform law passed in August of this year. Though it was common knowledge in Chilean *financial circles that some of the* banks involved were facing problems, the severity of the measures took many by surprise.

The banks include the Banco Espanol, Chile's second largest commercial bank which reported a 69 per cent growth year until September this year.

The bank's two principal shareholders, Sr Raul Shali and Sr Mauricio Tassara, were arrested just hours after the *Government's intervention* was announced.

The Banco Espanol, along with the other three banks—the Banco de Talca, the Banco de Linares and the Banco de Fomento de Valparaiso—account for 18.5 per cent of Peso deposits *held by Chilean private banks* (this excludes foreign banks and the state bank).

The four finance companies, Financiera Cash, General Financiera, Financiera de Capitales and the Sociedad Financiera del Sur (Finansur) *account for 49 per cent of the* Peso deposits of such institutions in Chile.

Sr Miguel Ibanez, President of Chile's banking regulatory authority, said the Government takeover of the eight institutions would remain in effect as long *as necessary to correct the* abuses.

The Central Bank is now guaranteeing the banks' and finance companies' deposits. The two largest shareholders of the Banco Espanol *are being held* in deposits from the end of last incommunicado and face prosecution for their alleged malfeasance.

General Augusto Pinochet, Chile's President, said the move was aimed at protecting small- and medium-sized depositors. If the regime's actions raised any questions about Chile's financial stability, this was still preferable to the dangers involved in pretending the problems did not exist, he said. "He who breaks the rules will be sanctioned."

In recent months the military *Government has sought modifi*cation of its laissez-faire policies to cope with the current economic slowdown and decline in export revenues. While officials have sharply denied that any major policy revisions were contemplated, *the Government has come under* increasing pressure from business and agricultural groups whose production and profits have declined.

Last month the Finance Ministry announced that new, *higher tariffs* would be applied to goods imported by producers who receive subsidies or other government incentives. This marked a change from the current policy of a uniform 10 per cent duty on most imports, designed to improve the competitiveness of Chilean products.

While the new tariff schedule has yet to be released, and may in fact offer little additional protection from the onslaught of imports, the announcement was enthusiastically received by Chilean industrialists and agricultural producers.

Chile's trade deficit has widened considerably during the past year, to over $2.2bn (£1.2bn) during the first nine months of this year—roughly four times the deficit for the equivalent period in 1980. *Imports have risen by 28.2 per* cent while exports have fallen by 13.8 per cent.

The banking measures constitute a greater departure from the regime's laissez-faire policy. The new decree sought to tighten the criteria for loans, *imposed tougher collateral* requirements and gave Chile's Superintendency of Banks greater regulatory powers.

The reforms irritated many Chilean bankers and financiers. Sr Alvaro Bardon, the former Centra Bank President, who left *the post earlier this year* and now heads one of the country's largest commercial banks, the Banco Concepcion, was quoted as questioning the widened powers awarded to the government banking authorities. Yet foreign bankers say a lot of personal influence, if not outright corruption, permeates the loan criteria set by many Chilean banks and finance companies.

"I cannot tell you how many times we've turned down a loan request, only to learn a week later that the applicant later managed to get three offers from Chilean banks," a foreign banker in Santiago said. He predicted that Chile would probably be paying higher interest rates for future foreign loans, but that the country's favourable credit rating abroad would not be hurt by the recent government measures.

The unknown factor seems to be just how much "administrative deficiency" and questionable credit policies the banking investigators uncover in Chile's financial system.

The immediate reaction to the bank interventions was not unfavourable. A mild run by depositors at the eight institutions was reported, but many account holders were simply moving their funds to banks not affected by the measures. A small decline in interest rates was reported at several banks, while trading on the stock exchanges in Santiago and Valparaiso was reported *as normal.*

It remains to b eseen whether the crisis will extend further as the authorities' investigation continues, or has already peaked and begun to recover.

W. Germany, Japan sha

£181m Norwegian deal

BY FAY GJESTER IN OSLO

SIX steel companies from West Germany and Japan have won contracts worth NKr 2bn (£181.5 m) to provide 850 km of steel pipelines needed for the new Norwegian gas gathering system.

The contracts, announced yesterday *by Statoil, the Nor*wegian state oil company, have gone to Mannesmann and Bergrohr of West Germany and to Nippon Kokan, Nippon Steel, Sumitomo Metal and Kawasaki Steel of Japan.

British Steel has thus failed to secure a share of the orders.

The West German companies will provide 36-inch pipelines, while the orders for smaller diameter pipelines of 28 inches and 30 inches have gone to the Japanese companies.

Deliveries start on June 1, 1982, and should be completed by the end of 1983.

Statoil would not reveal the currencies in which the contracts had been concluded.

Meanwhile Statoil has invited tenders from four groups of companies *for the work, estima*ted to be worth NKr 500m, of coating the pipes before they are laid.

The four groups have until the end of this year to lodge their tenders. They are Forbredero Price of Norway, Aker-Norcem-M.K. Shand, Nordex-Jotun-Corrocoat and, finally, Spie Batignolles of France.

● Saudi Arabia has signed a $1bn agreement with two U.S. companies to build a lubricating oil plant at the ind complex of Jubail on th Coast, Reuter reports fror rain. The agreement was m Riyadh yesterday b state-owned Petroleum Minerals Corporation (min), Texaco and Chevro plant is to produce 12,0 rels per day of lube oi stocks and will also p 10,000 barrels per d asphalt. It will be in op by 1983.

● Thyssen Rheinstahl T GmbH, a subsidiary of T Handelsunion AG, has DM 600m (£144m) orde the Malaysian Governm build a repair and maint shipyard at Lumut in Malaysia, Reuter reports Duesseldorf.

Tokyo tries to cut trade surplus with U.S., EEC

BY RICHARD C. HANSON IN TOKYO

THE Japanese Government is trying to draw up a "package" aimed at reducing the country's growing trade surplus with the U.S. and EEC. A special meeting of economic ministers will take place next week, at the *earliest,* to consider which steps to take.

It is doubtful, however, that the Government will agree to any plan which will require additional official funds. At this stage the Ministry of International Trade and Industry describes the process of sorting out its options as a "mess."

Mr Zenko Suzuki, the Prime Minister, over the weekend again called on the ministries to come up with a plan.

The options include everything from drawing up an emergency import scheme (calling for lending of foreign currencies to import aircraft, ships, power generation barges, metals and uranium) to lowering the tariffs on biscuits and Scotch *whisky.* There is one idea being floated on imposing a surcharge on exports.

The problem is, however, that few of the ideas mooted stand much chance of adoption. Those which might have enough support to pass would do little to cut into the surplus in the short term.

There appears to be no sound basis, for example, for the idea the Government could formulate an emergency import plan on a scale of up to $5bn.

Mr Toshio Komoto, Economic Planning Agency chief, is reported to be in favour of such a plan, but the Finance Ministry is strongly against providing funds because of severe budgetary restraints.

Talk of reviving an emergency plan to finance the leasing of aircraft to other countries as means of reducing the trade surplus appears to be mostly wishful thinking. Such leased craft, in any case, would not be considered an import under revived Finance Ministry rules.

The only hopeful plan concerning special aircraft imports is one under which, starting in 1983, the Export and Import Bank of Japan would finance the import of a large number of Boeing 767s, following a U.S. Eximbank cut in its plans to finance the transactions. Japan is a partner in the building of the 767s.

Finance boo for companie in Egypt

By Margaret Hughes in Ca

THE EGYPTIAN Gover proposes to provide foreign exchange ne for foreign companies patriate profits from th vestments in Egypt.

At present they have t vert their profits in E pounds to foreign cu through the free or " market, where they h pay a premium of ne per cent on the official

The new move was di yesterday by Dr Razzak Abdel Meguid, Prime Minister for Fi and Economic Affairs, opened the three day Egyptian conference vestment, economic d ment and trade.

Dr Meguid also reveal the Government will announce that the Bank may provide foreign currency nece import all consumer, and intermediate good some "penalties" it the same for impo luxury goods.

Since August of this y Central Bank has b quired to provide 25 of the foreign curre quirements for imp consumer goods and cent for imports of and intermediate Previously importers lodge import depos foreign currency.

To provide the ne foreign currency, Dr. Meguid said that a tium of local bank agreed to put up b $400m-$600m. Such he said, would be pre to a standby credit fr International Monetary Arab International Bar Arab African Intern Bank are reported to put up $400m and n tions are under way in banks for further fi However, independer servers estimate that it require at least $1bn vide foreign exchange ing for consumer, capi intermediate goods i alone.

Leyland Italy scales down Mini Metro sales forecast

BY JAMES BUXTON IN ROME

LEYLAND ITALY has scaled down its forecasts for sales of the Mini Metro, despite what it calls the good reception for the car by the Italian car market.

This year some 12,000 Metros are expected to be sold against a forecast of 18,000, and next year's target has been put at 30,000 instead of 40,000.

In the five months since the car went on sale at the beginning of June, BL has sold 7,000 Metros. It expects the anticipated monthly sales rate of 2,500 for the remaining three months of this year to be sustained next year.

One problem which the BL subsidiary faced after the Metro was launched was that the colours Italian buyers wanted most were not those of which stocks were biggest. The supply of cars from Britain has also been a problem.

Sales figures for the first eight months of this year show that Leyland Italy has almost doubled its sales from 9,000 cars last year to 16,600 this year, thanks largely to the arrival of the Metro but also to increased sales of Land-Rovers. In 1980 as a whole, Leyland Italy sold 15,000 cars.

Madrid go-ahead for Japan li

BY OUR MADRID CORRESPONDENT

THE SPANISH Government has authorised a joint motor cycle venture between Japan's Yamaha and two restructured local producers, backed by Spain's largest bank, Banesto.

This is the first time that the Japanese have been permitted to establish a manufacturing presence in this sector, and the authorisation comes despite opposition from Spanish producers. The joint company is expected to have an initial capital of Pts 1bn (£5.6m).

A plant will be built in Barcelona which will absorb part of the existing operations of two manufacturers — *Mototrans and Sandlas.*

Mototrans, which manufactures motorcycles under the Ducati name, was obliged to go into temporary receivership last March. The government appears to have been persuaded to accept the consequences of a Japanese presence because of a committment to retain the workforces of the two companies and build the new operation around them.

Production of three models of 125, 250 and 400 cc is expected next summer at an initial rate of 20,000 per year, rising by 1985 to 50,000.

In September 1980 Honda set up a company distributing its motorcycles in Spain. So far it has distributed only 125 cc models but has achieved *market* penetration of about 3 per cent.

The other Japanese presence in the automotive indust sists of a 36 per cent stak by Nissan in the light and agricultural mac producer, Motor Iberica.

● CASA, Spain's aeron concern, has sold 10 of its Aviocars to the Jet Corp of Australia, for Pta (£14m). CASA has nov 292 Aviocars in 27 cou So far, Australia has ac 11 of these short-takeo landing (Stol) aircraft. have been used mainly *Jet Corporation in Papu* Guinea.

Last year CASA signed tract with the Indonesia craft Corporation for development and joint p tion of an advanced vers the C 212.

Spain reaches milestone in trading relationship with Latin America

BY ROBERT GRAHAM IN MADRID

THE COUNTLESS declarations about Spain's need to exploit its historic links with Latin America have taken a long time to be turned into commercial reality. *But last week's minis*terial conference in Madrid on commercial, financial and technological relations with Latin America were a milestone.

It was the first attempt to examine in depth the nature of "the mother country's" economic ties with Latin America and to try to work out ways in which co-operation can be improved and strengthened with special reference to Spain's accession to the EEC.

It is ironic that as economic ties are beginning to expand fast, Spain is about to commit itself to the EEC and cause serious potential disruption to this expansion.

The immediate upshot from the conference is that Spain and Latin America will provide *a loose institutional framework* to monitor their economic links. This will take the form of a regular commitment to hold similar conferences, the next to be held in Peru in two years.

The conference again to be sponsored by Spain's Latin American Co-operation Institute and the UN Economic Commission for Latin America, will be backed up by a commission of experts.

The document the commission produced has provided a sound working basis of statistical information — previously hopelessly lacking and uncoordinated — on which decisions and policy can be based. The conference has also provided further impetus for Spain to try to champion special treatment of its links with Latin America inside the EEC.

Latin America in 1980 accounted for 10 per cent of total Spanish exports, equivalent to $2.2bn (£1.1bn) while 46 per cent was *absorbed* by the EEC. The percentage share of Latin America in Spain's exports has slightly declined in the past decade, by two points, but that of the EEC has increased.

Against this, Latin America has been gradually expanding its share of Spain's imports, due largely to oil purchases, yet also as a result of a more general spread of Spanish buying.

Latin American imports by Spain were $3.5bn in 1980. The EEC still only provides a relatively small proportion of Spain's imports, 35 per cent, well below the average for trade between EEC member-countries. Spain occupies a minor share of Latin America's trade, but it is expanding. Spain now accounts for 3.4 per cent of total exports from the rgeion and imports from Spain are equivalent to 2.3 per cent of Latin America's total import bill.

The impetus for increased economic ties has been most marked since the death of Generalissimo Franco in 1975. The establishment of a democracy in Spain, coupled with a new willingness by the Spanish Government to seek a more equal psychological relationship, were the catalysts.

*Just as important, the ensu*ing recession in Spain forced many Spanish companies to seek export opportunities for the first time. Added to this, a number of Spanish manufacturing companies, banks and insurance groups felt for the first time sufficiently equipped to venture into the Latin American market offering technology *often adapted from that already* supplied by other industrialised nations and the attraction of dealing in a common language.

Spain is basically exporting manufactured goods and importing raw materials and food stuffs. The range of products exported by Spain is still limited. Some 70 per cent of Spanish exports come under 18 customs headings of which the most important are industrial machinery, vehicles, boats and printed material—mainly books.

The fastest expanding exports are in chemical products. The principal buyers are Argentina (16.8 per cent), Venezuela (16.4 per cent), Mexico (10 per cent), Cost Rica (8.5 per cent), Brazil (8.1 per cent), *Columbia* (7.1 per cent) and Cuba (6.7 per cent).

The trade links alone give a one-sided picture. Although Spain operates a trade deficit of over $1bn with Latin America, invisible transactions *are favourable to Spain.* In 1980 invisibles generated $402m against $177m in 1975 and this gave Spain a balance on the services side of $188m.

An important development has been the rapid rise in Spanish foreign investment since 1975. This reflects three phenomena—a flight of capital (especially Basque) from Spain, genuine efforts to diversify outside Spain and the liberalisation of laws permitting Spanish companies and financial institutions to invest abroad.

Net direct investment has moved from $12.8m in 1975 to almost $80m by 1979, so that Spain now provides 2 per cent of all direct private investment *in Latin America.* Over one-third has gone to four countries—Argentina, Brazil, Mexico and Venezuela.

On the industrial side, these investments are going into mining, chemicals and energy resources. However, 31 per cent *of all investment* in the last five years has gone banking and insurance. America is now the fav place for banking and fin *institutions to invest:* Europe has 32 per cent Spanish bank branches al Latin America accounts f per cent.

Accumulated Spanish investment is now over Significantly, only a minut portion of this investme being reinvested outside

The conference identifi headings which could be af by Spain's raising t primarily to conform to common agricultural (CAP). These items in fish and seafood, coffee biggest single item), suga cattlefeed.

Total trade affected am to almost $400m. Trade af by non-tariff barriers (q tive restrictions) include maize, oil seeds, which am to $500m.

SPANISH-LATIN AMERICAN TRADE
(dollars million)

	Exports 1970	Exports 1980	Imports 1970	Imports 1980
Spain	308	2,220	451	3,560
Percent of total trade	12.9	10.6	9.5	10.4
Latin America	395	3,200	265	2,100
Percent of total trade	2.5	3.4	1.6	2.3

Figures are adjusted but not rounded

Source: Cepal and ICI

Call for 'bargain' between managements and unions

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A CALL for a strategy to "reverse Britain's industrial decline" by introducing a new approach to labour relations and developing key individual products was made last night by Sir David Orr, chairman of Unilever.

He proposed "a bargain" between individual companies and their unions in which "more information and fuller consultation" would be offered by employers in return for "the certainty that nobody will go on strike except as a last resort and after all procedures have been exhausted."

He also said the Government should do more to help selected companies develop high risk "outstanding products" based on methods used in France.

The Government would negotiate a contract with "selected companies in important growth areas," such as computers. Special state aid such as loan finance, tax allowances and research grants would be awarded to back a project. The company involved would have to cover perhaps 50 per cent of the cost.

Sir David put forward these ideas as part of the Trueman Wood Lecture delivered to the Royal Society of Arts last night.

They are controversial because many industrialists do not believe there can be a trade-off between unions and management on strikes and consultation.

There is also considerable opposition in many companies to the idea of the Government or any other organisation "picking winners" for special state aid.

But Sir David argued that there was a "need for an industrial strategy which would involve the Government in those cases where it is necessary and equally firmly leave the Government out where industry is managing perfectly well on its own."

There was also a need for "more effective employment of people," which meant "proper information and consultation" plus "less uncertainty — freedom from the constant worry about which little issue will produce a walk-out of some key staff or an instant unofficial strike."

Unless companies introduced more consultative arrangements their "case against legal compulsion will fall by default."

Sir David said that his proposed "bargain" on consultation and strikes should not therefore immediately be backed by statute. But, "the time was ripe for serious talks between the CBI and TUC and between individual firms and their unions."

On industrial development, Sir David said companies were not always willing to invest enough in very high risk ventures. A policy was therefore needed for "special cases," which had potential commercial success as well as being technological breakthroughs.

An independent body should be set up, comprised mainly of people from industry. It would invite proposals from companies, and would then decide which were the best in previously chosen key areas.

A contract would be negotiated to provide state support in return for acceptance by the company of specific performance conditions which would be monitored.

"A modest strategy of this type would aim to concentrate our strongest resources of management and technical skill into a limited number of high technology, high growth industrial sectors," Sir David said.

It is important to select the right sectors. It is even more important to choose the right companies to back."

Post Office to delay letter rate increases

By Jason Crisp

THE POST OFFICE is to delay a proposed increase in postal charges at the beginning of next year for one month. It said the decision was in response to representations from the Post Office Users' National Council.

POUNC, in a report to the Government yesterday, said the increase in postal prices should be frozen until April or reduced in size. But later Mr John Morgan, chairman of POUNC, said he was pleased with the latest decision from the Post Office.

Early last month the Post Office announced it would put up the price of a first class letter by 1½p to 15½p and a second class letter by 1p to 12½p from January 4.

According to POUNC, a postponement to April would have saved the customer £30m although the Post Office said it would have meant a loss of revenue of £40m. The proposed delay in increases until February 1 will save customers £12m, says the Post Office.

The Post Office said it would recover the money by continuing productivity improvements, economy measures and vigorous marketing.

Lord Lonsdale claims sea oil and gas

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

AN UNPRECEDENTED claim by a private individual to ownership of oil and natural gas off the coast was made in the High Court yesterday.

The claim was by the Earl of Lonsdale, who contended that as a result of a grant made by the Crown to one of his forebears in 1880 he was entitled to any oil or natural gas under a large area of the seabed in the Irish Sea.

The Attorney-General opposed the claim on behalf of the Government.

Mr Donald Rattee, QC, for Lord Lonsdale, told Mr Justice Slade that in 1860 the Crown granted the second Earl a lease of "all and every the mines, veins, seams and beds of coal, culm, ironstone and fireclay" within three miles of the low-water mark off part of the Cumbrian coast.

In 1880 the second Earl bought from the Crown for £50,000 similar rights over a much larger area stretching beyond the three-mile limit, and also "all other mines and minerals, if any," in the same area.

Mr Rattee said that the present Lord Lonsdale claimed that, although the Crown grants did not expressly mention oil or natural gas, they were included.

The Crown's defence to the claim includes a contention that oil and natural gas "flow or permeate," and are not mined, and therefore cannot have been included in the grant.

Alternatively it states that if the rights were granted in 1880, they have been re-vested in the Crown by virtue of the Petroleum (Production) Act, 1934, and the 1964 Continental Shelf Act.

The hearing continues today.

Change from oil to coal urged

BY MARTIN DICKSON, ENERGY CORRESPONDENT

INDUSTRY would enjoy a sizeable reduction in its energy costs by switching from oil-fired boilers to coal, according to a report published today.

The study, by the independent Cambridge Information and Research Services, says a substantial move by British industry from oil to coal would also bring considerable benefits to the nation. The coal sector would receive a demand boost and the country could cut back its oil needs by up to 12m tonnes a year, or more than 15 per cent of current consumption.

The report says that increases in fuel oil prices over the past two-and-a-half years mean that coal now enjoys an unprecedented advantage of over 10 pence per therm and is one-third cheaper than oil.

"Any business with a significant requirement for steam should look closely at the coal option, even if not currently faced with the need to replace old boiler plant. The case is particularly strong where a good load factor can be achieved," says the report.

Coal should be able to preserve a significant basic price advantage over fuel oil, even though coal will be subject to continuous upward cost pressures.

Payback periods for conversion average about four years. But these can be significantly reduced by taking into account the Government's £50m conversion grants scheme.

However, the report says although industry is increasingly aware of the advantages of returning to coal firing for its bulk heat needs, it is constrained by lack of funds.

Coal or Fuel Oil? Energy Publications (Cambridge) PO Box 147 Cambridge CB1 1NY £25.

Advertising Association accused of bias

By Michael Thompson-Noel

THE Advertising Association in London was accused last night of "the height of irresponsibility and bias" in publishing a new study that claims a ban on cigarette advertising in Britain would be futile and damaging to the interests of consumers.

The association says a ban would have no effect on total cigarette sales, but would deprive consumers of important product information, such as that on low-tar brands.

The accusations came from Mr David Simpson, director of Action on Smoking and Health, an organisation that has long pressed for a ban on the promotion of tobacco products.

Mr Simpson said the association's Advertising and Cigarette Consumption, published this week, contained nothing new. He claimed it was the "same tired tobacco industry propaganda" that had been heard before.

He asked how any serious person could support the promotion of a product that "kills one in four of those who use it."

His statement was immediately attacked by the Advertising Association's research director, Mr M J Waterson, who prepared the research paper.

Fifth of unearned income goes to 1% of investors

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

A FIFTH of unearned income goes into the pockets of less than 1 per cent of investors according to the Inland Revenue's latest figures.

The figures, for 1978-79, show that the 75,000 people in the top 1 per cent received just over £1bn a year as income from their investments.

This gave them an average investment income of about £14,500. Within this group 32,000 (about 40 per cent) relied entirely on their investments for income. The rest had other sources.

At the very top of the range the 10,000 richest people had between them a total unearned income of £355m, which gave them an average of £35,500 a year each in unearned income.

Altogether fewer than 8m people held investments and they earned a total of £5.2bn. Their average earning from investments was £655 a year.

Many held quite small investments. The unearned income of 2.4m people was less than £50 a year. Fewer than two-thirds of the investors received an annual income of less than £250.

The average income of this less well off group was £73 a year. So 60 per cent of investors had unearned incomes which totalled less than 7 per cent of the whole.

About one-third of all taxpayers, 22.5m people, had a source of unearned income.

The incomes from investment, though highly significant for some of the wealthier people who received them, represented only 5 per cent of the total earned income. The average pay from earned income was £4,200 a year.

The Survey of Personal Incomes 1978-79 (SO £6.60).

Consumer credit business expanded in September

BY DAVID MARSH

CONSUMER CREDIT business expanded strongly in September despite the rise in interest rates that month, and generally sluggish retail sales activity this autumn, the Department of Trade said yesterday.

Total new credit rose to £706m, seasonally adjusted, from £659m in August. Most of the increase was advanced by finance houses and other specialist hire-purchase companies, whose lending rose to a record £455m from £414m in August.

The rise in credit mirrors the general increase in bank lending to the private sector since midsummer. The lending spurt accompanied a modest recovery from the worst months of the recession earlier this year.

Part of the finance houses lending was to support car purchases. New car registrations were more buoyant in September than expected, but lower than in September, 1980.

Lending by retailers was more subdued, rising to £251m from £245m in August.

Overall third-quarter lending by finance houses and other specialist companies rose 7 per cent. Retailers expanded credit by only 1 per cent.

Separate figures from the department confirm that spending in shops fell in September from the high level of summer.

The revised index of retail sales volume, seasonally adjusted, fell to 110.6 (1976=100) from 111.0 in August, little changed from the provisional estimate, 110.5, last month. Retail trade volume fell 0.8 per cent in the third quarter, but was higher than any quarter of 1980.

Building material sales up

BY ANDREW TAYLOR

SALES OF building materials rose by just under 1 per cent in September compared with the same month a year ago, the Builders' Merchants Federation said yesterday.

The federation said that during September sales of materials rose in all but two regions. The biggest rise was in the South-West and Wales where sales rose by 5.1 per cent.

Despite increased sales in September the annual rate of decline in building material sales was still running at 13.3 per cent.

But Mr Reg Williams, the federation's director said: "The good results in September and the general slowing down of the annual rate of sales decline reinforces our cautious optimism."

Three directors appointed at Illingworth Morris

BY REGINALD VAUGHAN

ILLINGWORTH MORRIS, the Yorkshire wool textile group, has lost no time replacing Mrs Pamela Mason and her son Morgan who were ousted from the board on a close vote at a special shareholders meeting two weeks ago.

Illingworth, the scene of much boardroom controversy in the past two years, yesterday appointed Mr Geoffrey Kitchen, deputy chairman of the group's subsidiary Woolcombers, as an executive director.

At the same time Illingworth appointed Sir Russell Sanderson and Mr Jack Nunnerley, chairman of Bradford worsted spinners Bulmer and Lumb and a director of Simon Engineering, as non-executive directors.

Mrs Mason, the former actress, and her son were voted off the board despite the support of 46 per cent of the company's votes which she controls as executrix of the estate of her late father, Mr Isidore Ostrer. The votes in favour of the removal of the Mason's amounted to 49 per cent of the company's shares.

But Mrs Mason is challenging her removal from the Illingworth board. She claims that unauthorised votes were used.

In a telex from her Beverley Hills, California, home on Friday Mrs Mason said the vote to remove her, and her son, from the Illingworth board was accomplished by the board voting shares "they had no authority to vote."

The block of shares referred to is the 9½ per cent of Illingworth shares held by the group's subsidiary Woolcombers which Mrs Mason claims have never before been voted in general meeting and are the subject of an undertaking that they would not be voted.

Mrs Mason said that in the absence of these votes she would not have been remived from the board. If the board did not correct the situation she would proceed with appropriate legal action.

Government bid to correct council grant system

BY ROBIN PAULEY

THE GOVERNMENT is looking urgently for a legal way to extricate itself from an unexpected mistake in the system of allocating grant to councils.

The system could force about 50 low-spending Conservative councils to hold referendums next June about their spending levels.

In February questions were asked about a blunder in the block grant system which could penalise councils which had sold council houses, and thrifty councils which had kept their council rents low.

The offending factor was the way in which a council's housing revenue account was regarded by Government civil servants assessing how much a council needed to spend.

Assumptions of a much higher level of income than the actual income were made by presuming councils charged at least the regional average rent. And assumed interest on mortgage payments adds to the level of assumed income, further depressing the theoretical amount a council needs to raise from elsewhere and, therefore, depressing the amount of grant from the Government.

Mr Michael Heseltine, Environment Secretary, turned the mistake—which had enraged Tory district councils throughout the country—into the backbone of his plan to force councils to charge higher rents and, if possible, economic rents.

He argued that rates had subsidised rents for too long and it was time for rents to subsidise the ratepayers.

But he has been trapped by his own plans for legislation which will force councils to hold referendums before they can spend more than a centrally prescribed amount of money. His use of the housing account calculation will put about 120 councils into the referendum net. This despite the fact that a referendum will not be triggered until an authority is spending more than 40 per cent over what the Government thinks it needs to.

At least 45 of these councils would be Tory controlled. It is this feature which has made other Government ministers, Mr Cecil Parkinson, party chairman, and Mr Michael Jopling, chief whip, anxious that substantial changes are made.

The first idea was to take the housing factor out and use the £200m of grant involved in a different way.

But environment department lawyers fear that dropping one of 62 assessment factors because it produces a politically inconvenient result may be illegal.

The next idea was to use the wide discretionary powers of the Secretary of State to increase the grant of the councils affected by the housing mess and to use the intended power of the secretary to excuse councils from a referendum if he thinks they have tried to meet his objectives.

But Ministers fear the wide-*scale exemption will lead to* charges of manipulation and will be tantamount to an admission that the system is defective.

Some underspending councils will appear to be overspending by more than 100 per cent. North Wiltshire is nearly 12 per cent below the Government's spending assessment. The housing factor will make it an overspender by 60 per cent.

Insurance increase for motors deferred

By Eric Short

THE FIERCE competition between insurance companies in the UK for personal insurance business became even keener when the largest motor cycle insurer, Norwich Union, announced that it was deferring its usual increase in motor premium rates.

At present, the UK insurance market is one of the few that offers companies prospects of good trading returns, especially from the income earned by investing the premiums. Premiums in the personal sector have been growing in line with inflation.

Insurance companies seeking to maintain growth have been competing strongly for personal business.

Norwich Union Fire Society, a member of the Norwich Union Insurance Group, with more than 600,000 motor cyclists on its books as well as nearly 400,000 motorists, has deferred the six-monthly rate increase scheduled for *November 1. Mr Peter* Sharman, chief general manager of the group, freely admits that the decision was taken for competitive reasons.

He pointed out to NU's staff that expenses this year were climbing faster than premium growth in most classes of business.

To maintain market share, and so premium income, the company *had been forced* by the actions of other insurance companies to keep rates unchanged for the time being. He warned that this would mean a decline in the profitability *of the motor account,* which lost £9m in 1980.

Most insurance companies seemed prepared to accept lower profitability on their motor accounts in order to maintain premium income levels.

Palm trees flourish in Bedford's balmy business air

Peter Cartwright sees a good example of how forward-looking enterprise helps fend off the worst of recession

THE BEDFORD area hardly seems the ideal place to grow palm trees, *yet it is the centre* of a new culture of worldwide significance which is a good example of the kind of forward-looking enterprise shielding it from the worst excesses of the recession.

The trees are in greenhouses at Colworth where Unilever has 200 acres devoted to developing new vegetable species and animal husbandry. Palm trees are an important sources of oil and food in *many* parts of the world but are difficult to propagate except from seed and so lack uniformity.

The scientists at Colworth House are coming to the end of a 10-year period of growing—cloning is perhaps more apt—palm trees by tissue-culture from pieces of root or leaf. Maturing trees are on field trial in Malaysia and elsewhere. By cloning from the best stock, yields can be increased by up to 30 per cent, which is good news for estate owners, margarine makers such as *Unilever and speciality* chemical producers.

In a very different context, and just beginning an experiment that could fundamentally alter the way in which businesses *are run, is the National* Freight Company which has its headquarters in the modern Merton block in Bedford town centre.

National Freight is to be denationalised and the 25,000 managers and workers are getting together to raise £3m to £4.25m, according to which scheme is adopted, to bid for it.

National Freight arrived in Bedford a year ago to save money by concentrating its offices scattered round London dealing with such diverse subsidiaries as British Road Services, National Carrier, Roadline and Tempco, the cold-storage wing.

The employees are to make personal investments in the scheme and this would probably put control in the hands of the non-managerial workforce.

It would stop short of being a full-blown co-operative but would be significantly different from the usual profit-sharing or share-ownership schemes. While managers would retain their authority they would be operating within a recently-developed participative framework.

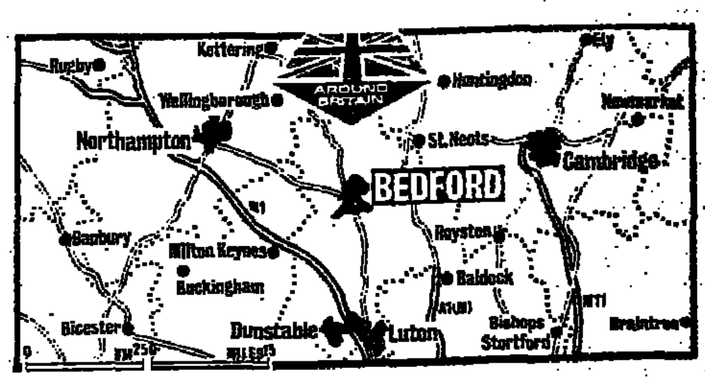
At the other end of the scale are the early industrial settlers like the former W H Allen Sons, originally a family concern making steam turbines and industrial and marine diesel engines and today, after two takeovers, W H Allen NEI-APE.

Its centenary a couple of years ago was also marked by unusual redundancy but since then it has retained 1,650 employees by dint of exporting hard. More than half its business comes from overseas.

Not all Bedford's companies have managed to prosper, though. There have been closures and redundancies at foundries, a poultry factory is empty and several hundred *people have been squeezed out* of brickmaking at nearby Stewartby and in the Marston valley because of the cutback *in building and construction.*

There have been other casualties but there is optimism about the main thrust of industrial and business life in the area covered by North Bedfordshire Borough Council.

For this the people have to thank a more-than-ordinarily-businesslike council which about 20 years ago started to buy land for industrial and residential use to the north



between the Kimbolten and St Neots roads.

The unlikely starting point was a sewage farm, which led the council into agriculture. From this point the council used its powers under an Act originally obtained in 1927 to set up a capital fund to buy land. This was originally farmed, then sold for industry and housing. When half the surplus land was realised it brought in some £4m.

Of this £1.25m was spent on buying out Charles Wells brewery *in the city centre for* redevolpment of more riverside land, continuing a process initiated in the middle of the 19th century. Today, Bedford has one of the finest urban riversides in the country.

When the Local Government *Planning Act of 1980*, which embraced the use of surplus land, was implemented, Bedford was one of the key authorities, and the only one in the eastern counties, which acted as a guinea pig.

By far the most important element in the land-buying policy was the ability to offer greenfield, attractive sites to multinational and national companies. Its biggest capture, in 1957, and *one* that has influenced the further development of the town was Texas Instruments.

It was the company's first venture outside the U.S Bedford was chosen f proximity to London and communications. The phere, too, was clean e for work that had to be in clinical conditions.

Texas Instruments vertically-integrated *ope* making silicon chips an data-processing equipme start has now been ma new headquarters for European, African, and Eastern operations of physical Services Interna the Texas data-processin

This project is expec create another 500 jobs b to add to the existing 1

The news has come crucial time, for though ford is surviving better most, when the recessi strike it did so swiftly. I 1980, there was still o per cent unemploymer October it had nearly d to just over 5 per cent now 9 per cent.

Thanks to the fores *local administrators in* ing advanced technolog jects and in providing n units for *future* industr recovery could be as ra

Private health forecast 'too hig

BY GARETH GRIFFITHS

EXAGGERATED claims for the *growth in private medicine* during the next couple of years could lead to an overprovision of private hospital beds, the British United Provident Association (Bupa) the leading group in private health insurance, fears.

Recent forecasts by Lee Donaldson Associates, which monitors private health schemes for the Health Department, that 12m people would be covered by private health insurance by *1985, are far too high,* Bupa's management believes.

Mr Derek Damerell, Bupa's chief executive, says the *growth* in private health insurance would be much more conservative during the next couple of years compared with the recent past. He suggested an annual increase in cover of some 14 per cent compared to the 27 per cent increase in subscriptions in 1980.

The association now thinks the total number of people covered will be some 6m in 1985, half the Lee Dor figure.

That and other foreca *the present boom in* hospital building have l number of U.S. private r companies and City in funding profit-making h schemes.

Bupa's worry is that th *provision of beds will le* investors to become sc about private health ment. It costs on £100,000 per bed in inve in a typical private h

Gloomy prospects for brewing

BEER CONSUMPTION in 1982 is likely to fall for the third year, with further brewery closures and cuts likely on top of the already substantial cuts in the British brewing industry over the past two years.

These are the conclusions of a report on the brewing industry by Mr Colin Mitchell of stockbrokers' Buckmaster and Moore. Mr Mitchell's annual report, which is widely regarded as among the most authoritative in the industry, argues that there are few grounds for optimism about prospects in 1982, with beer consumption down by a further 3 per cent on this year.

Consumption this year is down to 38m barrels compared to 40m barrels in 1980, itself down 4.4 per cent on 1979. Beer prices have risen by 26.3 per cent during the past year with the brunt of the increases borne by public houses' customers.

Beer consumption has fallen, the report says, mainly because of a fall in consumption per head, rather than an irreversible decline in the number of drinkers. T pensate for this, it sa brewers should re-exami pricing structure. Mr I argues, for example, t subsidy per pint fro brewers to the free through cheap loans ha from 0.55p per pint in 3p per pint.

Brewers also need to c on capacity which a moment is an estimated cent more than dema spite of a fall in capacit 60m barrels to 55m bar the past 18 months.

UK NEWS

Gas industry given year to devise showroom plan

BY RAY DAFTER, ENERGY EDITOR

E British Gas Corporation ; been given a year to devise own method for disposing of 900 gas showrooms.

f the state corporation can- suggest a scheme to sell its ail appliance business, the vernment will proceed with own privatisation plans.

t is understood this is the t of an option put by Mr gel Lawson, Energy Secretary, the corporation's board and trade union leaders. They ve been told that because of ssures on the parliamentary ne-table a door has been left en for a corporation-devised eme.

British Gas said it was too ly to indicate its response. Denis Rooke, its chairman, 1 the gas industry unions ve said they plan to fight the npulsory sale of showrooms. ion leaders have said plans strike action remain in force the Government drops its e proposals.

Ministers insist the Government has no intention of climbing down over its promises to sell the High Street outlets. Enabling legislation will be featured in the Oil and Gas Bill, due to be debated today.

The Government will take no action, however, till it has introduced regulations on safety issues, such as the training of private-sector gas-fitters.

This legislation cannot be introduced till Parliament's next session, which means it will be next spring or summer before the Government can proceed with the phased programme of showroom sales.

Mr Lawson is understood to have urged the corporation to take advantage of the hiatus to devise a privatisation package acceptable to the Government and the unions.

The showrooms disposal would represent one of the biggest upheavals in High Street retailing. Most of the outlets are in prime trading positions. In the financial year 1980-81 the corporation's turnover from appliance sales totalled £204m.

British Gas board-members are preparing a strategy to tackle Government plans, including sale of offshore oil assets an dshowrooms as well as ending the corporations gas-supply monopoly right. The proposals will be included in the Oil and Gas Bill

The corporation has been told by Mr Lawson the Government expects the board to co-operate in the proposals. On Friday Sir Denis Rooke was carpeted by Mr Lawson over a long statement by British Gas following the Queen's Speech.

The corporation had criticised the Government's plans for what it saw as "the piecemeal break-up of an economic structure which has a proven record of success."

As an alternative, the corporation suggested consideration be given to introduction of private capital into the corporation. This idea may be considered in its review of the showrooms business.

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Finding the true cost of supporting the jobless

Max Wilkinson examines the issue of the dole queue and job-creation

AS UNEMPLOYMENT increases, the importance of calculating the true cost of supporting unproductive people becomes more important and more controversial.

The latest estimate is from the Manpower Services Commission (MSC). *It is that the* cost to the Exchequer is £4,380 for every extra person on the dole. This estimate will fuel the controversy.

It is much higher than the previously published figures and will be seized on by those asking the question "Wouldn't it be cheaper to put them back to work?"

The figure will interest those criticising the cost of state subsidies and other measures to help the creation of private-sector jobs.

It is, therefore, important to know why the cost of unemployment has risen so fast in the past two years—by 46 per cent in a period in which the Retail Price Index rose by 30 per cent. It is also important, though more difficult, to estimate the *true significance of the increase* in costs for the more general conduct of economic policy.

First, the estimate of true cost of unemployment to the Exchequer is made on a theoretical basis. Thus, different assumptions could yield different results.

In the latest calculation for 1981-82 the assumptions have changed since two years ago, to take into account that many more people from higher income groups lost jobs as the *recession deepened. Thus the* average amount of earnings-related unemployment benefit has increased. At the same time the amount of tax and National Insurance contributions which the Exchequer has had to forego has also increased.

Between June 1979 and June 1981 the proportion of registered unemployed from manual occupation has fallen from just more than 60 per cent to just more than 58 per cent. The proportion from clerical and skilled occupations has shifted *correspondingly upwards.*

As a result, the MSC believes the average pay the unemployed would receive if they had jobs would be 80 per cent of average earnings of the rest of the population. This compares with an estimated 75 *per cent two years ago.*

Similarly it is now thought the average tax-rate of the unemployed if they had jobs would be 25 per cent compared with the estimate of 21 per cent.

Another changed assumption is that about 70 per cent of the unemployed would be contracted-in to the state pension scheme if they had jobs, compared with an estimate of 50 per cent.

These changes in assumptions mainly reflect the different *composition of the unemployed.* They may, however, suggest previous estimates of the costs of unemployment could have been low.

In February the Treasury published its own estimate of the cost per 100,000 extra unemployed *for the past year* —£340m. The MSC's figure for the current year is 30 per cent higher, a discrepancy which cannot be explained fully by the fact that the MSC has counted-in some indirect costs which the Treasury excluded.

The costs the *Treasury* included are: losses of income tax receipts, employees' National Insurance contributions and employers' National Insurance contributions and surcharge; the payments of unemployment benefit and *other social security benefits,* mainly supplementary benefit; and, the changes of administrative costs associated with these.

Other costs associated with unemployment which the Treasury *excluded* from its estimate are: "Second round" effects, like the loss of indirect-tax receipts and changes in debt interest payments; wider costs associated with unemployment, such as changes in corporation tax receipts and nationalised industries' surpluses; and, *other changes in state benefits,* like invalidity payments, which may have only an indirect connection with unemployment.

The main difference in the Treasury's and MSC's calculations is that the MSC *included* the "second round" effect of *the loss of indirect taxes like* VAT. This results from the fact that the unemployed spend less than they would if working.

In both cases the costs estimate is made for those formerly employed in the private sector. *If they had been in the public* sector the cost of their unemployment has to be set against the Government's saving from *not* having to pay their wages, superannuation and National Insurance contributions, and the overheads and administration *costs associated with their em*ployment.

Another important caveat is that the calculations apply only to the Exchequer's costs associated with a relatively small change in unemployment of 100,000 or about 3.5 per cent of the present total.

For it is obvious that if unemployment increased by another 2m there would be a major associated change in the economy which would affect output, wages, taxation and *National Insurance contribu*tions as well as composition of the unemployed.

Consequently the calculation of costs would have to be done with quite different assumptions. The same would be true if those on the dole *fell* by a large number. The *saving* per head would be different from that which would be made in relation to a relatively small fall in unemployment.

The marginal cost of the extra unemployed can be multiplied by the total jobless. In spite *of the Treasury's* caution the MSC did this, to arrive at a total cost of unemployment of £12.45bn this year, assuming an average of 2.84m unemployed.

Whatever the theoretical significance of this overall figure the more interesting question *for policy makers is the effect* on the Exchequer of a "small" change in unemployment. For this purpose 250,000 people (9 per cent of the average number of unemployed this year) could be considered a small number.

Cal heads for 'manageable' loss

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

ITISH CALEDONIAN, the lependent airline, expects a all financial loss for the 12 nths to October 31 compared th 1979-80s £3.1m profit.

Mr Alastair Pugh, managing rector, said in San Juan, erto Rico, yesterday that the ss was less than at one time ared and was "manageable."

The airline was confident it d successfully planned its y through the current ecomic crisis within the air ansport industry.

The figures relate to the airne only; results for the ledonian Airways group as a hole, which includes hotel mpanies, *travel companies,* a licopter company and an aerogine overhaul company, are ill being audited. In 1979-80 oup profits were £9.7m.

As recently as the end of ugust, when British Calenian announced that a third its 6,000 workers had volunteered to forego agreed 8 per cent rises, the airline said it hoped to make "a small profit" in 1980-81.

The world-wide recession, increased competition on major air routes, higher charges for airport handling and navigation services, rising fuel costs, and increased interest charges resulted in a world-wide air transport industry deficit of more than U.S.\$2bn (£1.07bn) last year. Many individual airlines are facing serious financial problems.

"Against this background, British Caledonian is in a far better position than many other airlines," Mr Pugh said.

During the past year British Caledonian estimates it has carried a total of 2.5m passengers, 7.4 per cent up on 1979-80. Freight carried increased by 41 per cent to over 57,000 tonnes.

Productivity increased by 28.1 per cent.

"Despite an impressive performance in operational and marketing terms, the incredible condition of the industry has meant that the level of cost and revenue dilution has outstripped the amount that, for one reason or another, we are able to charge for our products in the market place," Mr Pugh said.

The airline is considering the acquisition of at least one Boeing 747 *jumbo jet for intro*duction next April on its west African trunk routes. It is also buying three of the new Airbus A-310 wide-bodied aircraft.

The airlines will operate on the airline's west and north African routes, as well as in Europe, and will replace ageing One-Elevens, and the last of the airline's Boeing 707s. Options are held on three more A-310s.

Mr Puch said a decision on buying a new type of 150-seater airliner may also be taken in *the not-too-distant* future.

Bristol area dairies face OFT court action over milk cartel

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE OFFICE of Fair Trading is to take legal action against a restrictive trade agreement between dairies in the Bristol area.

The agreement, which was formally declared "null and void" by being placed on the register of *restrictive trade* practices in London yesterday, meant that supermarket milk had to be sold at a higher price than doorstep deliveries.

The four companies involved in the restrictive agreement were Clifford's Western Dairies: Co-operative Retail Services (Bristol Bath region); Deltavon Dairy; and Unigate Dairies (Western).

The OFT said yesterday that between September 7, 1980 and *March this year, the dairies* agreed that milk supplied to shops in the Bristol area should be in cartons only. Such supplies should bear a premium of 1p per pint above the price of bottled milk delievered to doorsteps.

The agreement also said that Channel Islands milk should not be supplied for resale in shops, and that none of the four would supply a shop already served by one of the others.

Deltavon Dairy was not a party to all arrangements of the restrictive agreement.

Under the Restrictive Trade Practices Act 1976, companies have to register details of any restrictive trade agreement. They can continue lawfully to operate the agreement until the court rules otherwise.

The OFT will be seeking a ruling before the Restrictive Practices Court to prevent any similar agreement from being entered into.

This action is the latest move in a long-running dispute over prices charged by dairies for milk sold through supermarkets. *As no distribution costs are in*volved supermarkets could sell milk cheaper than doorstep-deliverers. However, many supermarket chains allege that supplies are not forthcoming if they sell at a discount.

Earlier this year, the OFT decided not to launch a formal investigation because it appeared that "a far more competitive position had developed."

Micro-Application nets £¾m contracts

BY MARK MEREDITH IN EDINBURGH

HE INDUSTRY Department nd the Scottish Development Agency announced contracts yesterday worth a total of £750,000 with the university company Inmap (Integrated Micro-Application) for three-year programme to promote awareness of microelectronics in Scottish industry.

Inmap is a marketing company set up by the Universities of Edinburgh and Heriot Watt to combine the skills of the Wolfson Microelectronics Institute and Computer Application Services.

The Industry Department tatement said many activities f their £356,000 contract with Inmap would be "relevant to the UK as a whole." n information centre for otential uses of microelectronics was a particular case in point.

The agreement with the Department involves a series of seminars linked to technical consultancy discussion sessions. Inmap intends to hold about 30 seminars a year for the three-year period, with about 15 participants

Mr Alex Fletcher, Under-Secretary at the Scottish Office dealing with Industry and Education, said yesterday, announcing the agreement:

"Scottish companies have not leapt forward to make full use of microelectronics despite the paradox that in Scotland we have a formidable concentration of companies which design ssytems and manufacture components, in particular the chip, which is a part of microelectronic systems."

Former steel men succeed in business

ABOUT 40 per cent of those former Welsh steelworkers who set up their own businesses after redundancy are succeeding, according to the Welsh Development Agency.

Of the 19,000 workers made redundant at Llanwern, Port Talbot and Sotton last year, nearly 1,000 sought advice from the agency's Small Business Unit.

Of 514 monitored so far, 205 have been established in business for a year.

Their business activities cover a wide spectrum, from shopkeeping to car dealing. One ex-Llanwern worker has become a chiropodist.

Commenting on the result of the survey, Mr John Collins, head of the *Small Business* Unit, said it showed that the Welsh had great native inventiveness. "But very often it goes by default because it is not exploited."

Sasse affair not to result in charges

BY JOHN MOORE

HE OFFICE of the Director of blic Prosecutions is not to efer charges following the mpletion of a City of London lice fraud squad investigation to the affairs of the Lloyd's derwriting syndicate, forerly under the management Mr Frederick Sasse.

The decision has been taken the DPP office after studying a report prepared by the police on the Sasse matter. The report was passed to the DPP office in June.

The fraud squad investigation, in progress since October 1978, was instigated by Lloyd's ruling committee.

Police were probing alleged accounting irregularities over the placing of Canadian fire risk *business and U.S. fire in*surance business with the syndicate.

The Sasse affair became the biggest scandal Lloyd's has had *to deal with in its 300-year* history. The 110 members of the syndicate faced losses of more than £21m.

Four insurance businessmen in the U.S. have been indicted in New York on charges of defrauding the Sasse syndicate of *more than \$1m in insurance* premiums.

ICI Fibres seeks up to £20m savings over next three years

BY NICK GARNETT, NORTHERN CORRESPONDENT

HE FIBRES Division of ICI is eking to save £15m to £20m er the next two to three years a programme of improvements being explained to the orkforce this week.

The savings represent a reduction in scale from those troduced over the past two ars by the Fibres Division, hich has faced difficult market nditions and rapidly rising w material costs.

The workforce is being told at the division does not ivisage any plant closures or ithdrawals from major sectors it there will be further, unantified job cuts.

The emphasis over the next vo years will be on improving chnical efficiency, marketing w yarns introduced over the st year and new systems to elp make forecasting and proiction planning more accurate. he new emphasis reflects the lative success of cost-saving ercises over the past two ars.

The division's losses this year will be well below the £86m loss of last year.

The division announced last autumn the closure of its plant at Kilroot, Northern Ireland, together with efficiency improvements and redundancies *elsewhere,* and the shutting down of a petrochemical division plant at Ardeer in Scotland.

These moves resulted in 4,200 job losses and were designed to save £45m to £50m. So far the programme has saved about £35m-£40m in the 12-month period.

The programme, known as Apollo 2, followed a similar scheme, Apollo 1, in 1979 which involved substantial efficiency changes through altered working practices and reductions in the numbers of manual and staff employees.

That exercise achieved savings of £30m to £40m. Installation of new equipment has run apace with these efforts.

The present savings target, spread over three years represents about 6 per cent of current operating costs.

The division has reduced its workforce from 25,000 in the early 1970s to just under 9,000. In spite of this reduction of almost a third, the division is handling almost the same amount of tonnage.

Details of the technical changes the company is seeking will be relayed to workers at individual plants over the *next few months. One key* element will be making machines more reliable and reducing yarn breakages.

The fibres division has recently announced three new yarns Mitrelle, Terinda and Timbrelles.

*The division has its head*quarters, research and marketing at Harrogate and has plants at Doncaster, Wilton, Pontypool, Gloucester and Oestringen in West Germany.

UK NEWS – PARLIAMENT and POLITICS

Caerphilly Labour MP not to seek re-selection

Financial Times Reporter

YET ANOTHER Labour MP joined the list of resignations yesterday. Mr Ednyfed Hudson Davies (Caerphilly) said he would not be seeking re-selection for the next general election.

His decision "for complicated and involved personal reasons" has taken his party by surprise.

Mr Davies, 51, a moderate who had an 18,497-vote majority at the last election, was widely expected to be re-selected and enjoyed good relations with his constituency party. He is not expected to join the Social Democratic Party.

Last night, Mr Allan Rogers, the Labour European MP for South-East Wales, said he intended to seek the nomination for Caerphilly.

Before last month's party conference, Labour MEPs were barred from even seeking nomination for a Westminster constituency without first resigning their European seats. They may now stand, but party rules ban them from sitting in both parliaments.

Gilmour attacks employment policy

BY IVOR OWEN

PERSISTENT REFUSALS by the Government to change course and stimulate demand were equated with a willingness to regard unemployment in the region of 3m as acceptable by Sir Ian Gilmour (Chesham), an ex-Cabinet Minister, in the Commons last night.

In his first speech from the back benches since being sacked by the Prime Minister in the autumn reshuffle, he clashed *with Mr Norman Tebbit, the* Employment Secretary, who said that the relaxation of present policies might lead to increased import penetration rather than creation of more jobs.

Mr Tebbit said that it cost the Ford Motor Company 15 per cent more to produce a comparable model in Britain with that in Germany, and asked Sir Ian why he believed that an injection of demand would do more good for British workers than for German.

Amid cheers from the Labour benches, Sir Ian told Mr Tebbit: "If you think the only way to run the economy is with 3m unemployed, and rising, all I can say is I do not agree with you."

Sir Ian insisted that a moderate expansion of the economy made sense, and reported that "extremely encouraging" results had been obtained from the Treasury model on the £5bn package which he outlined during the Conservative conference at Blackpool.

These had indicated, he said, that the unemployment rate would fall progressively by up *to 650,000, that the retail price* index would be lower and that the public-sector borrowing requirement would be only slightly increased.

He added that the effect on the PSBR further underlined "what an irrelevant totem pole" it was.

Sir Ian maintained that the changes he had advocated could fall within the definition of "flexibility within the limits of prudence" given by the Prime Minister last week, and need not result in sacrificing the gains in improved productivity and more realistic wage settlements achieved in the course of the past two years.

Mr Tebbit also came under fierce attack from Mr James Callaghan, the former Labour premier, who described mass unemployment on the present scale as a condemnation of the Commons, and warned that if Mrs Thatcher did not change course the election of an extreme Left-wing Government would become all the more likely.

He suggested that the treatment handed out to the BL workers was likely to have increased *the chances of the militant Mr* Arthur Scargill, within the leadership of the National Union of Mineworkers, and said that a "Trotskyite-militant" Government would in some ways be the "other side of the middle *to the present administration."*

Sir Ian contended that the case he had made out for a change of course should not be rejected because of the demands for "massive reflation" by Mr Michael Foot and other Opposition leaders.

Ministers had been unfair in dismissing as failures the reflationary measures introduced by earlier Tory Governments. He accused them of rewriting history "on a positively Stalinist scale."

Mr Callaghan called for a "twin-track policy" to get Britain back on the road to economic recovery.

He proposed a "carefully calculated and directed capital investment programme" to renew industrial and social capital and do the work now being left undone.

The Government should simultaneously seek an agreement with the TUC on incomes.

It should be based on an understanding that the Government would be prepared to discuss the TUC's five-year £24bn expansion programme provided the unions accepted a *formula for equating increased* wage levels with increased productivity.

Mr Callaghan refused to accept that all previous incomes policies had failed, and urged those who pointed to the "winter *of discontent" which* marked Labour's final period in office to look also at the three years preceding that period.

He asked Mr Tebbit: "Why be so snearing about something which happened, was successful and worked?"

Militant inquiry ruled out as Benn keeps home policy chair

BY ELINOR GOODMAN, POLITICAL CORRESPONDENT

DEMORALISATION among Labour moderates deepened still further last night after the party's organisation committtee *ruled out an inquiry into the* activities of the Trotskyist Militant Tendency.

Mr Tony Benn was confirmed as chairman of the party's home policy committee with the active support of Mr Michael Foot, the party leader.

In a further blow to the moderates, Mr Benn came top of the Tribune Group's slate for the shadow Cabinet elections. Voting figures showed that despite the antagonism his campaign for the deputy leadership generated on the left, most of the so called "soft left" are prepared to back Mr Foot's efforts to bring Mr Benn back into the fold by re-electing him to the shadow Cabinet.

The voting figures suggested, however, that Mr Benn's supporters are not prepared to show the same tolerance to those left-wingers who failed to vote for him in the deputy leadership contest. The members of the Tribune Group who abstained in the deputy leadership contest, saw their votes in Tribune's ballot for the shadow Cabinet slump.

The two events further shook depressed Labour moderates whose morale has been getting lower and lower over the past few weeks as the result of Mr Foot's refusal so far to deal with *the far left,* and his insistence that Mr Benn should not be alienated from the main stream of the party any further.

In particular, the moderates were furious at the way Mr Foot refused to go along with attempts *to exploit the* left's losses in the elections for the national executive commit the party conference by ping Mr Benn of his key chairman of the home committee.

At yesterday's meetin home committee, the right a token attempt to repla Benn with Mr John G but, without the support Foot, the result was a fo conclusion, and Mr Ben re-elected by 12 votes t In the same way Mr Eric was re-elected as chairm the organisation committ 13 votes to seven.

In teory, the right and is now in a stronger p on the organisation comm which has a key role to p deciding what action sho taken on Militant. But day, three trades unionist *unable to attend* and th had a clear majority.

PM rules out inquiry into Blunt spy-ring

FINANCIAL TIMES REPORTER

A SECURITY inquiry into the Blunt spy-ring following the admissions of *self-confessed* traitor Leo Long was ruled out yesterday by Mrs Thatcher. *The Prime Minister told the* Long had made a detailed confession to the Security Services in 1964 after he had been told he was unlikely to be prosecuted if he co-operated.

Her long written reply was to a question put down by Mr Dennis Canavan, Labour MP for Sterlingshire W.

Mrs Thatcher said she knew of one other case since 1964 in which someone suspected of spy offences may have been induced to confess by being told he was unlikely to face prosecution if he did. She did not name him.

Later, during Commons questions Sir Michael Havers, the Attorney-General, said he *would not prosecute Long for* treason.

In the 1979 Commons debate on the Blunt affair Sir Michael told MPs Blunt was the only confessed spy granted immunity from prosecution. Mrs Thatcher, *in her written reply yesterday,* said Long had "asked for immunity from prosecution; this was refused."

She added: "There was a good deal to gain and little to lose from obtaining Mr Long's co-operation in the way that was done." Mrs Thatcher said *neither* the Attorney-General nor the Director of Public Prosecutions was consulted at the time.

She assured MPs she was *satisfied* the Security Services' present procedures would prevent anything of this sort happening today without the prosecuting authorities' knowledge.

She said: "A person suspected of an espionage offence would not now be interviewed by the Security Services on the basis that he need not fear prosecution, unless the case had first been referred to the Attorney-General and permission had been given for the interview to be conducted on that basis.

"In the wake of Mr Long's public admission of treachery, *a number of people are being* named in the Press as having been suspected of being involved in espionage activities or as having been interviewed in the court of the Security Service's inquiries. I believe we have to be very careful to avoid the risk of creating a climate of guilt by association."

She emphasised she would not set up a public inquiry into the British Security Service since the Second World War.

Licences sought for sex shops

Financial Times Reporter

CONSERVATIVE Mr Tim Sainsbury yesterday called for swift Government action to license sex shops.

Mr Sainsbury, MP for Hove, piloted a *Private Members* Bill through Parliament in the last session to control indecent displays in shops.

He now believes his Bill can form the basis of tighter legislation to control the spread of sex shops.

Back bench members to the fore

YESTERDAY'S debate on the *Queen's Speech was one of* those occasions when the Government and Opposition front benches were completely overshadowed by the contributions from back benchers.

One is not, of course, referring to the highly unusual sight of Mr Russell Kerr (Lab. Feltham and Heston) rising from a sedentary position to make an intervention.

With that piece of buffoonery *out of the way,* the back bench heavyweights began with Sir Ian Gilmour delivering an elegant attack on the Government's economic policies, and Mr Jim Callaghan, the former Labour Prime Minister, coming on very heavy in the role of elder statesman.

For good measure there was a delightfully roccoco contribution from that veteran Tory critic of the Government, Mr Julian Critchley (Aldershot).

Opening the debate—which centred on unemployment—Mr Tebbit ("Get on your bike and look for a job") once again showed a strange *preoccupation with transportation* analogies. This time he dragged in horses and trains with a long passage on how the 19th century ostlers had found work after being replaced by the railway.

Later, he suggested that the jobless, like his old dad, might also seek work by bus or on foot. One can only assume that this unhealthy obsession with modes of *transport dates* from Mr Tebbit's early days as an airline pilot with BOAC.

The main event was the contribution from Sir Ian, the sacked deputy Foreign Secretary.

Labour MPs guffawed with delight as he observed that if the Treausry knew how real recovery was to be achieved they were certainly keeping quiet about it. And to judge *from Mr Tebbit's* "very interesting speech" the Treasury bosses certainly had not let him into the secret.

With Mr Callaghan we were back to another railway *simile.* He wanted a twin-track approach consisting of a carefully calculated capital investment programme and—you've guessed it—another attempt at an agreement with the unions on an incomes policy.

There were more delights in store for the Opposition when Mr Critchley warned that unless the Government changed course there would be many *stripe-suited gentle*men from the Tory benches spending their declining years in Shirley Williams's sunset home for the aged.

What, he asked, were the Tories *to do in the face of the threat from the SDP?*

"Join it!" shouted one irreverent wit from the Conservative ranks behind him.

John Hunt

Crosby candidates open poll campaign

BY ELINOR GOODMAN, POLITICAL CORRESPONDENT

CAMPAIGNING for the Crosby *by-election* began in earnest yesterday with all the parties trying to stake out the ground on which *the election will be fought.*

On the first full day of their campaign, the Conservatives did *all* they could *to elevate the* importance of private education in the campaign, and to convey the impression that Mrs Shirley Williams was a mere carpet*bagger for the Social Democrats.*

For her part, Mrs Williams, at the start of a long cold day of walkabouts, canvassing and much shaking of hands, insisted that unemployment was the real issue and that private education was nothing more than a "blue herring."

In an indication of how both the Tories and the SDP regard the contest as a two-horse race, neither bothered to spend much time attacking Labour.

Mr John Backhouse, the Labour candidate, claimed, however, after a certain amount of prodding from his agent, that he had a real chance of victory.

The SDP's intervention, he *said, had given Labour its best* chance of winning Crosby, which the Tories have held since 1918. The Tory vote would fall, the Labour camp predicted, while Labour's would be boosted by disillusioned Liberals switching to Labour in preference to the Social Democrats.

All three candidates survived the first round of press conferences, which traditionally begin each day of a by-election campaign, without making any major blunders.

The nearest any of them got to scoring a point was the Conservative candidate, Mr John Butcher, who managed to put Mrs Williams in a position where she had to acknowledge that if she did not win the seat on November 26 she might not fight it again.

Meanwhile Mr Backhouse, who was not originally planning to start his own press conferences until later in the week, somewhat pre-empted his opponent's charges of extremism, by volunteering that had he been in parliament for the deputy leadership contest he have voted for Mr Tony

For all Labour's optimism, the Tories se Williams as the main th a set *they held* at th election with a major 19,272.

They are determin expose Mrs Williams' vi private education whic see as her most vulnerabl in a constituency con three public schools. Las they brought in Dr Rhod son, the Education Minis long time foe of Mrs W and her progressive w make the point for them.

Meanwhile, the Indep Schools Information joined in the campai writing to all its memb Merseyside calling on t raise the issue of public in the press, and on the

The letter infuriate Williams, who accused th of trying to "hijack th paign."

Mrs Williams had issued a *carefully worde* ment *in which* she t balance her long-held bel independent schools are divisive with her party's in parental choice.

Yesterday, she dogge fused to elaborate on thi ment. The only new thou the subject she allowed was to acknowledge Merchant Taylors—one three public schools in th —was probably a good s

Mrs Williams's main yesterday, however, w deflect attention away private education and on Government's economic p She insisted that ev showed that the great m of people saw unemploym the major issue, and pr new figures to show that two years to October 1981 unemployment in Crosb risen by 80 per cent.

Meanwhile, over in Labour headquarters, Backhouse made it clea he would fight the campa the basis of Labour Part ference policies.

Sick pay Bill published

BY ERIC SHORT

THE BILL outlining the Government's sick pay proposals and rationalisation of housing benefits was published yesterday.

Employers are to be made responsible for paying sickness benefit to employees during the *first eight weeks of illness* and must then deduct the cost from their monthly national insurance bill. *The statutory rates of* benefit would be £37 per week for employees earning £60 a *week* or more and £25 a week *for those* earning less.

The proposals of the Social Security and Housing Benefits Bill would bring sickness benefits into the tax net, save 3,000 Civil Service jobs and e that no employee was bett sick than at work.

The second part of th rationalises the present s of two different sources o for housing costs. Now p can either claim suppleme *benefits towards rates* anc or apply for local aut rebates and allowances. Th volves overlap of wor different agencies and lea confusion for the claiman

It is now proposed that authorities should admi all help for housing costs people on supplementary fit receiving 100 per cent a ance with housing costs e as rebates or cash allowanc

Official Unionists call for loyalist council to fight 'Thatcher sell-out'

BY OUR BELFAST CORRESPONDENT

OFFICIAL UNIONIST leader Mr James Molyneaux yesterday suggested a "Council for the Union" to counteract the agreement reached between Mrs Thatcher and Irish Prime Minister Dr Garret Fitzgerald.

This plan, which envisages formal links between British and Irish Ministers, was a "sell-*out" which would separate* Northern Ireland from the rest of the UK, he said.

"It would appear the Government has conceded that the Republics goal of unification is the only long-term solution, and that the governments in London and Dublin have agreed to pursue that objective by political and economic means," he said.

Church leaders, trade unions, professional people and businessmen could play a part in preventing it by joining a Council for the Union.

Prominent Unionist sympathisers in Britain could join with their Ulster colleagues to defeat "this conspiracy."

Mr Molyneaux said there was a deliberate policy to isolate the province

"It is with a deep sense of responsibility that I must state my belief that the Union is endangered.

"To meet that danger we are taking immediate steps to form a Council for the Union," he said.

"The Council we envisage will transcend party political barriers. It will be a council of all the talents and will embrace the widest possible spectrum of pro-Union opinion in our community."

Mr Molyneaux said: "The Council I propose will hopefully provide the vehicle for all of those people who wish by democratic, lawful, and resp ible means to defeat present conspiracy."

His announcement come the same time as a call f the Rev Ian Paisley, Democ Unionist Party leader, for Unionists who support de tion to help crush the Thatc FitzGerald plan for an An Irish Inter-government Cou

Mr Paisley yesterday vealed plans for a rally November 23, but kept se details of what further ac *he intends to take.*

Mr Molyneaux said he wo not envisage that the Cou for the Union would invo a super-coalition involv political parties.

Mr Molyneaux sai dhe wo be having informal talks w Mr Paisley at Westminster t week.

Acas urges 'fair' civil servant deal

BY PHILIP BASSETT

W PAY determination angements for Britain's ,000 white-collar civil ser- its—at present the subject of Government inquiry—should lude access to conciliation l arbitration says a report.

n evidence to the inquiry, ired by Sir John Megaw, Advisory and Conciliation l Arbitration Service argues t the new pay agreement, ected to be drawn up when inquiry reports next sum- r, should "be seen to be ble, realistic and fair."

Acas says this year's five- nth dispute and the estab- ment of an inquiry have tabilised industrial relations l it is desirable to re-estab- h them.

t suggests negotiations uld take place "as far as sible" against an agreed kground of facts and that re should be access to lateral conciliation and then joint voluntary arbitration.

The Government has con- erable reservations about reintroducing the principle of comparability for Civil Service pay, but the Acas evidence notes that "the concept of comparability is rarely if ever absent from major pay negotiations and is an important factor governing how the outcome of the negotiations is regarded by employees."

Acas stresses its own regional organisation for conciliation and other functions, and notes the possibility of both "local and national level" bargaining in the Civil Service. This may prove significant in view of Government suggestions about introducing pay arrangements varying by region to reflect the impact of market forces.

Acas stresses the importance of the credibility of negotiations being preserved, and notes that the civil service trade unions "continue to be fully representative of the views of civil servants."

(Evidence to the Committee of Inquiry into Civil Service Pay, Acas, London).

P&O ferry men in national strike call

By Our Labour Staff

INDUSTRIAL ACTION over the closure due tomorrow of P&O's Liverpool-Belfast ferry service widened yesterday as seamen at the centre of the action warned that they were to seek a 48-hour national strike in support of their efforts.

Following the occupation before the weekend of the P&O ships Ulster Queen and Ulster Prince, the action spread to the company's profitable roll on-roll off services

Mr Terry Mullen, National Union of Seamen convenor, said the union would be attempting to block further sailings and added: "If necessary we'll block the entire P&O fleet." Crew members on the cross-channel ferry *Dragon* are awaiting instructions.

Labour MPs and trade unionists will today meet Mr James Prior, the Northern Ireland Secretary, to seek a resolution of the dispute.

The company said that it still intended to close the Liverpool-Belfast service tomorrow. It has been losing an average £1.2m a year and closure would mean the loss of about 350 seamen's jobs.

TUC in last-minute move to save training boards

BY OUR LABOUR EDITOR

LEADERS OF the Trades Union Congress yesterday tried to win a last-minute reprieve for industrial training boards (ITBs), from Mr Norman Tebbit, Employment Secretary. He has been expected to announce soon that these statutory training boards wil be cut from 24 to six or seven.

The TUC's employment and education committees, led by Mr Len Murray, general secretary, were paying the first official trade union delegation visit to the Employment Department, at Caxton House, Westminster.

The delegation also asked that the youth opportunities programme allowance be raised from £23.50 to £30 a week.

Union leaders said the success of the Government's promised new training package for school-leavers would partly depend on not precipitately dismantling the boards.

They pointed to a recent majority decision of the Manpower Services Commission, on which the TUC is represented. This urged the Minister to maintain "statutory underpinning" of the training system and to keep the present framework because, it said, employers' assurances about taking on the burden were inadequate.

The Governments training intiative, which has now received Treasury approval for the, probably considerable, sums involved, is due to be announced before the years end.

The MSC accepts that the training boards, set up in 1964, could be improved. It decided unanimously that six should definitely remain. By a majority vote, however, it also said the rest should not be abolished till alternative arrangements could be shown to be satisfactory.

The TUC said yesterday employers were showing signs of nervousness about the costs they would have to meet to provide adequate voluntary substitutes.

'Poaching' rule is challenged

FINANCIAL TIMES REPORTER

CAR PLANT security officer Mr Ernest Cheall has asked a London High Court judge to declare invalid a rule which allowed his union to expel him under a TUC decision on "poaching."

Mr Cheall, who works for Vauxhall Motors in Dunstable, Beds., also challenged his expulsion from the white-collar union Apex, which he and several colleagues joined after leaving the Transport and General Workers Union.

His court action centres on the "Bridlington Agreement" which gave rise to inter-union rules against "poaching" by one union of another union's members.

The TGWU complained to the TUC disputes committee that Apex had acted against the Bridlington anti-poaching rules and should not have accepted Mr Cheall and his colleagues. The TUC ruled against Apex, and expelled Mr Cheall

The disputes committee said Apex should have made inquiries of the Transport union before accepting the new members.

Mr Cheall sought a ruling that the decision was invalid and claimed damages against Apex. The hearing continues today.

Engineering industry hit by disputes over 39-hour week

BY NICK GARNETT, NORTHERN CORRESPONDENT

A NUMBER of engineering companies are in dispute with unions over the introduction of the 39-hour week which was brought in on November 1 as part of the settlement ending the industry's national stoppages over pay in 1979.

The Confederation of Shipbuilding and Engineering Unions sent guidelines to shop stewards on implementing the reduced working week.

The CSEU reminded stewards that the agreement provides for the one-hour reduction without any unnecessary increase in unit labour costs, but it says any measures proposed by companies to assimilate this must be jointly agreed

If these are not mutually agreed and the disagreement between unions and management is not referred to the national disputes procedure, then the 39-hour week should still have been introduced last week, the CSEU says.

Some companies appear to be under pressure to alter working hours so that the Friday afternoon shift is virtually scrapped.

GEC Traction, which has plants in Manchester, Preston and Sheffield, said yesterday that it had so far failed to resolve the issue

It had proposed a reduction of 18 minutes in the one-hour lunch period, plus a shorter day on Friday.

The unions want the lunch break cut from one hour to a half hour—effectively adding two hours to their working week. This would then be added to the one hour reduction involved in the agreement, allowing them to finish work three hours early on Friday.

GEC said yesterday that despite the failure to agree how the reduced week should be implemented, the workforce had stopped work and gone home at 1.30 pm last Friday.

Other companies in the North West complained last week that union attitudes were at variance with the 1979 agreement. They claimed that management was responsible for how the one hour reduction should be implemented if no agreement with unions is reached.

The CSEU and the Engineering Employers Federation said yesterday that the number of companies in difficulty with implementing the one hour reduction was small—about 50 to 100

BP drivers continue threat of stoppage

BY IVO DAWNAY, LABOUR STAFF

UCIAL TALKS between ion officials and shop wards representing BP's 00 tanker-drivers continued t night with no indication as whether the strike eatened by the 20,000 vers would go ahead on vember 16.

About 50 shop stewards and WU officials met yesterday the TGWU's North-West ndon headquarters to discuss ndings taken from members the company's 24 depots.

The union would not confirm at drivers and workers had ted by 16 depots to eight to cept BP's 8.1 per cent offer d abandon demands for an per cent rise in line with the bil drivers' settlement in y.

A BP tanker drivers' agreement would seriously undermine parallel 11 per cent claims by drivers at Shell, Esso and Texaco, where the companies are also offering 8.1 per cent.

Some shop stewards are convinced that the more militant regions, particularly London, will take action even if BP drivers as a whole accept the deal. BP said yesterday that the company would not comment until the outcome of last night's meeting was made known.

Talks between TGWU officials and stewards from Shell take place tomorrow, with similar discussions with Esso and Texaco stewards planned for Thursday and Friday respectively.

Nurses pay 'ormula threatened'

y Our Labour Staff

RSES' UNION leaders rned yesterday that pay gotiations this year could e considerable difficulties ause of the Government's istence on its 4 per cent cash it pay provisions.

The Confederation of Health vice Employees said that the lement by Dr Gerard ghan, Health Minister, that more money would be avail- e this year went against gotiations on a formula to tect nurses' pay from being ded by inflation.

The union believes the dis- e will surface at today's ting of the nurses' joint otiating body, and Mr David lliams, Cohse assistant eral secretary, warned that ss the Government made it r "within a matter of rs" that more money was ilable, then negotiations on formula would collapse.

Leaders of nearly 500,000 ol teachers in England and es meet today to finalise r pay claim, with the Nat- l Union of Teachers likely be seeking an increase to ntain the purchasing power ast year's 7½ per cent deal.

Shipyard crane men end strike

About 120 crane men at Harland and Wolff's Belfast shipyard voted yesterday to return to work and to allow their claim over manning levels to be taken through the normal disputes procedure.

The company had refused to let the 4,000 workers enter the yard until the crane drivers had decided on the unofficial strike action taken at the weekend.

British Gas dispute

About 1,500 British Gas shift-workers started an indefinite strike yesterday to back a claim for improved shift allowances. The 1,500 protestors belong to the National and Local Government Officers Association

Docks peace talks

Talks are to be held at the Advisory, Conciliation and Arbitration Service today in an attempt to solve the dispute which has disrupted cargo handling at Southampton docks. The dispute is over a new shift system planned for 150 checkers

TECHNOLOGY

EDITED BY ALAN CANE

How much faith can be placed in 'facts' from market research

BY JOHN CHITTOCK

Video and Film

THOSE WHOSE lives and businesses are affected by video are forever pursuing a desperate search for signs; for pointers and clues to the future and to market trends. One offered here, at the head of this new lay-out of the Film and Video column, is an overdue transposition in the title. Now it is video which dominates film. It is an inescapable fact, however unpalatable to some.

Other clues abound in the proliferation of published market research which is now appearing on the subject of video and related technologies. For anything from a hundred pounds up to several thousand, spiral bound, golf-ball typewritten reports can be bought—some the result of genuine market research, some based on second-hand investigations, a few rather generalised and of uncertain origins.

Anyone reckless enough to buy all that is on offer may finish up rather confused. Thus Gallup and Marketing Direction—in the latest of a continuous study of video — claim that "more of the video machines currently in domestic use were bought rather than rented (although) there appears to be a recent movement towards rental ..." But Research Survey of Gt Britain, in a report commissioned by Euromonitor, claim 63 per cent of owners rented machines; and a slippage *in rental trend is forecast.*

The same Euromonitor report finds that in an analysis of video based on social class, 48 per cent of AB owners prefer watching films on video than going to the cinema (the latter social trend is more evident in the North of England). This tends to confirm other views that home video is more popular in lower income groups.

Forecasting

Most researchers seem to roughly agree about the end-1981 population of video recorders in UK, which will be somewhere around the 1.3m mark. This is certainly a reliable figure. Nonetheless, one recent newspaper (not this one) claimed a current UK video population of 250,000, which shows just how wrong you can be.

Forecasting is a more hazardous business. In *Advertising, Marketing and the New European Media* (a report from CIT Research) the UK video population for 1985 is predicted as about 25 per cent or more of households. Some other forecasters have gone for a much higher figure, such as the 50 per cent reached by extrapolating on a formula which says that a new consumer product will reach 50 per cent penetration in as many years as it first took to reach five per cent; depending on the arguable date that is taken as the starting point for consumer video, this could mean 50 per cent by some time in the mid 1980's.

It is tempting to wonder how some market research is actually done. When statistics are hard to find, it is not an uncommon experience for me to find myself being pressed to give a guesstimate of this or that kind of figure — usually done with obliging resignation but considerable qualification. How often do these guesses turn up elsewhere as researched facts? I know certainly of one case where the guesses went full circle, read with great authority from the platform of a conference where I was in the audience diligently taking notes.

In the end, one is bound to wonder from where all the information originates. Thus a colleague painstakingly analysed in the September 1981 issue of *Screen Digest* the subject breakdown of all-known video releases in the UK (some 2,356 titles). In the CIT Research report, a table appears giving similar but much abbreviated information. A comparison of the two makes interesting reading: Fiction 53.69 per cent (CIT Research, 55 per cent), Porn 20.50 per cent (20 per cent), Sport 8.02 per cent (8 per cent), Children's programmes 5.26 per cent (5 per cent), Music 6.17 per cent (6 per cent), and so on. Is this independent confirmation of each other, are they merely using the same sources, or is one giving credence to the other by a little harmless cribbing?

Whereas I suspect the latter has happened, I must hastily add that the CIT report is excellent of its kind. For anyone in advertising and marketing, it provides a comprehensive overview of the new electronic media and their impact on promotion and selling. For some it may make unpleasant reading—such as the forecast that by 1990 the various challenges to UK broadcast television (not only video but teletext and new channels) will cause an aggregate audience loss of 7m people at peak viewing times.

There are also pitfalls in interpreting the published results of research. Euromonitor, for example, reckon that Sony has 22 per cent of the UK video market, making it the brand leader. Careless readers might thereby assume that the Betamax system is ahead of its rivals, whereas it trails the rival VHS format in UK by a margin of between 15 and 30 per cent depending on who you read. It is the term "brand" which conceals the trap; compared to Sony's Betamax, the VHS system has lower brand penetration because it is spread between a great many more manufacturers with own-brand labels—such as Ferguson, Panasonic, Akai, Sharp and JVC (the originators of the format).

Research

With the market moving so fast, especially boosted by the Royal Wedding, carefully researched data of this kind is out of date anyway before the ink is dry.

Undeterred by the impressive array of research available, and the obvious qualifications of many of those conducting it, I have occasionally carried out my own straw polls. One at an oil industry luncheon attended by 250 executives yielded a show of hands to the question "how many here own a video recorder?" At the time, the response ought to have yielded a figure of about four per cent (although it is now around six per cent); it was thus alarming to get less than half per cent (one hand).

This reveals the inherent dangers in research of this kind. It was by no means a typical cross-section of the population (proving the point that there is scope for a big expansion of sales to AB groups). And, of course, it is always possible that a few in the audience were playing the game strictly to the rules — reckoning that owning a video recorder is not the same as renting it. If you ask the wrong questions, you get the wrong answers.

Geoffrey Charlish describes an advance in domestic communication

Mains for power—and message

ONE OF the more fascinating communications ideas—that of using the electricity supply mains cables as a communications network—has cropped up again with the news that the Department of Industry is supporting research into a new system called Mainsborne.

The prime objective is remote meter reading, but such a system could also be used to measure consumption, detect leaks and faults, and indicate fraud or vandalism. Furthermore, as some private equipment vendors have already shown, it is also possible to transmit and receive speech.

The interesting (and potentialy lucrative) point is that more premises have electric power connections than have telephone lines.

The objectives of the DOI initiative is to bring equipment maker Thorn-EMI into liaison with the electricity, gas and water authorities to allow all three kinds of meter to be read from a central point over the *low voltage local power cable* networks.

The copper is there, running into almost every home, office and factory. Can it be used to carry information as well as power?

As digital technology improves the prospect becomes brighter, despite the fact that the power network is simply not designed to carry signals.

The most favourable bearers in the network are the high voltage overhead grid cables, since they at least have known transmission line parameters. Indeed, the CEGB first used them to allow power stations to talk to control centres, for example, some 20 years ago.

But at the street cable/premises level the problems that arise include addressability of the many thousands of individual sites, data integrity (there must be no wrong quarterly bills) and interference, received or generated.

That carrier frequencies up to a few hundred kilohertz can be sent along these cables has been demonstrated (1975) with some Japanese equipment sold in the UK by Hadley Sales Services of Smethwick, West Midlands.

Three carrier frequencies (180, 230 and 280 kHz) are *frequency modulated with speech.* Any other unit plugged into a mains socket is able to receive signal provided it is on the same distribution transformer (the same phase).

The view that the Electricity Council took of this system at the time was that provided no interference to its own activities was generated, there was no objection to its use.

The Post Office on the other hand, took the view that if a link between two completely independent parties was established the Post Office Act would be contravened. That however, was in 1978, somewhat before the Post Office monopoly position started to come under attack.

Apart from its lack of universality, it might be felt that the phone line into premises could be used for meter reading. Indeed, as long ago as 1972 the George Kent Group (now Brown Boveri Kent) proposed a system called Tabline which *simply generated a pulse for* each unit consumed and stored it in a local memory, for later interrogation by a central computer using tone telemetry methods.

Most of the electronics companies have looked at the idea. Plessey for example, has a system and according to an Electricity Council spokesman, even radio has been suggested.

The likely credibility of the new system designed by Thorn-EMI is somewhat clouded by the fact that for the time being the company is unwilling to reveal much technical detail.

All that is known officially is that a "black box," microprocessor-driven, is installed on the metered premises, sending signals to a local master unit located at the distribution transformer.

Collection is therefore probably on a "per phase" basis, but it is not disclosed whether the signalling system is frequency based or pure pulse based. In any event, the unit at the distribution transformer is interrogated, not along further power cables, but by a telephone line connected to headquarters.

After initial research states DoI, field trials will be carried out in about 1,000 homes in London (on the Cheltenham Estate at Notting Hill and on the Guinness Trust site at Tower Bridge) and also in Milton Keynes.

Installation in homes will start next Spring and the trial will start in the following Autumn. The DoI emphasises that the system will not replace consumers' electricity or gas meters, which will continue to be read manually in the normal way for billing purposes.

..POINTERS..

Compression engines

INTENDED primarily to test the strength of concrete cylinders up to a capacity of 100 tons, a new range of compression machines has been introduced by Engineering Laboratory Equipment (0442 50221). Optional cube test sets permit the machines to test low-strength concrete cubes.

Available in three versions, hand or motor operated and with a choice of gauge size, the machines, named Compact 1000, are claimed to be suitable for us in a site laboratory where space is limited or in mobile trailer-mounted laboratories. Each Compact 1000 machine weighs 250 kg.

Micro matrix printer

THE FACIT 4520 introduced by Hi-Tek of Cambridge is a matrix printer which can use standard telex paper and is described by the company as ideal for small business systems, educational and personal computers and data loggers. It costs £583 plus VAT and more details are available on 0954 81931.

Exxon office workstations

EXXON Office Systems, the office automation arm of the U.S. oil giant, has launched two new secretarial work stations in the UK.

Described as information processors, the new Exxon 510 and 520 work stations (designed by Compucorp) have keyboards designed in the "soft key" manner—that is, the meaning of the key changes with the concept; prompts on the television-style display explain the changes and lead the operator to the right choice.

The work stations are designed chiefly for secretarial use; the functions include word processing, column manipulation, document assembly and footnote handling.

The 520 workstation has a 50,000-word expandable dictionary and will carry out mathematics and record processing.

The 510 including printer costs £4,795 plus £8 a month for software. The 520 costs £6,710 plus £19 a month for software. More on 01-834 9070.

New repair compound

FOSROC Construction of Leighton Buzzard have developed a new cementitious structural repair compound, which, the company claims, can be applied to brickwork, concrete or breezeblock.

Called Renderoc, the new substance is formulated from a new blend of non-shrink cements, graded sands, fillers and chemical additives. It is supplied as a powder and mixed with water on site. Provided surfaces have been cleaned and primed with a slurry coat of Renderoc, a thickness of at least 30mm can be achieved in a vertical layer and up to 20mm soffitt without the need for support formwork.

Connectors for compressed air

FIVE new types of connectors have been added to the range of ComPair Maxam's tube fittings. The swivel connectors, with one of the couplings able to rotate through 360 degrees, should be a help to the systems builder, says CompAir. Details of sizes from 0209 712712.

Magazines for NC machine tools

ASEA has developed a series of independent tool magazines with tool changer for charging NC machine tools. Each magazine can accommodate 32 tools, each weighing 40 kg. More from 01-467 9119.

Dating Barbarian gold

CARBON-14 counting, technique used to ... determine the age of dead animal or vege... material, has now fou... commercial application.

Work at Harwell in O... shire, using small counte... veloped at the Brook... Laboratory in New ... offers scientists and ar... logical experts the ... tunity to date sa... weighing as little as 1... ligrams.

Harwell's Low-Level ... surements Laboratory developed data handlin... analysis equipment, incl... a graphics display, whic... be able to handle the ... of 250 samples a year.

The first commercial ... cation has been to au... cate a quantity of Bar... gold and silver which ... sold by Sotheby's in L... on December 14. The 12 ... and silver belt fittings thought to date fro... second Avar Period ... 650 to 700 AD) whe... Barbarian Avar tribe ... dominant power in E... Europe.

Some of the pieces ... to be closely related t... to the treasure found a... in Albania, which was t... to have been an Avar t... and workshop. Most ... Albanian finds are now ... Metropolitan Museum ... York.

The Low-Level M... ments Laboratory, exa... the Sotheby samples, ... able to identify flax ... belt fittings and using ... milligram specimen ob... a carbon date of abo... AD.

Until now the use o... small samples has been ... difficult because of ... ground radiation and ... ing to ensure the ... operation of the e... over long periods. ... haven has pioneered a ... by using a 12 ins by ... sodium iodide crystal ... to eliminate emission... cosmic radiation

MAX COMM...

COMPANY NOTICES

GOLD STORAGE HOLDINGS LIMITED

(Incorporated in the United Kingdom)

NOTICE IS HEREBY GIVEN that the Directors have declared, in respect of the year ending 31st January, 1982, and payable on 9th December, 1981 to Stockholders on the Register at that time, an Interim Dividend of Singapore 4.5 cents per share less Malaysian income tax (previous year Singapore 4.5 cents).

NOTICE IS ALSO GIVEN that the Register of Members of the Company will be closed from 30th November, 1981 to 9th December, 1981 both dates inclusive, for the preparation of dividend warrants.

INTERIM STATEMENT

The unaudited results of the Group and of the Company for the periods indicated below were as follows:

	The Group Six months ended 31 July 1981 $000	The Group Six months ended 31 July 1980 $000	The Company Six months ended 31 July 1981 $000	The Company Six months ended 31 July 1980 $000
Turnover	352,700	116,900	—	—
Profit before taxation	11,727	11,876	10,721	9,055
Taxation	(4,952)	(5,746)	(3,459)	(3,115)
Profit after taxation	6,775	6,130	7,262	5,940
Minority interests	(408)	150	—	—
Profit before extraordinary items	6,367	6,280	7,262	5,940
Extraordinary items	622	1,734	(546)	(271)
Profit attributable to stockholders	6,989	8,014	6,716	5,669

The period to 31st July, 1981 included the results of the Foodland Group which made a satisfactory contribution to profits and largely accounted for the substantial increase in turnover. Profit margins on our manufacturing activities in Singapore and Malaysia were adversely affected as a result of competition and there was an escalation in financing costs during the period. Exchange rate movements also had an adverse effect on the half-year's results.

On the assumption that current conditions remain unchanged, it is unlikely that the profits for the full year will be materially different from the previous year's level.

By Order of the Board
J. D. Raj, *Secretary*

Singapore
28th October, 1981

OBITUARY

BENNETT—On November 5, 1981, Stephen Frederick, CBE, in his 73rd year. Dear husband, father and grandfather. Retired chairman and managing director of British Timken. Funeral for family and villagers at St. Mary's Church, Everdon at 2.30 pm on Tuesday, November 10, followed by private cremation. No flowers please. Memorial service in Northampton to be announced later.

LEGAL NOTICES

No. 002568 of 1981

IN THE HIGH COURT OF JUSTICE Chancery Division, Mr Justice Vinelott, in the Matter of MANN EGERTON AND COMPANY LIMITED, and in the Matter of the Companies Act, 1948.

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice, Chancery Division dated the 26th day of October 1981, Confirming the Reduction of Capital of the above-named Company from £5,178,697 to £3,986,232 and the Minute approved by the Court showing with respect to the share capital of the Company, as altered, the several particulars required by the above Act, were registered with the Registrar of Companies on the 30th October 1981.

Dated this 6th day of November, 1981.
SLAUGHTER AND MAY,
35 Basinghall Street, in the City of London, the Solicitors for the said Company.

PUBLIC NOTICES

THE PRICE OF CONTRACEPTIVE SHEATHS
MONOPOLY INVESTIGATION

The Director General of Fair Trading has asked the Monopolies and Mergers Commission to investigate whether a monopoly situation exists in the supply of contraceptive sheaths and, if so, whether the current or proposed prices of any *monopolist operate, or may be expected* to operate, against the public interest.

Following a previous investigation into the supply of sheaths in the UK, the Monopolies Commission identified L R Industries—a subsidiary of LRC International Limited—as a monopolist. Subsequently this company gave various undertakings, the main result being that changes in the prices of their sheaths had to be approved by the Director General of Fair Trading.

Five years have now elapsed since those undertakings were given, and the Director General has said that "where a company's prices are subject to control, it is important that the criterion against which they are to be judged should be up-to-date. What was a reasonable level of profit in 1975 may no longer be appropriate in 1981."

Anyone wishing to offer evidence relevant to this investigation should write to:
The Secretary (Ref. FT),
Monopolies and Mergers Commission,
New Court, 48 Carey Street,
London WC2A 2JT.

PERSONAL

COMPANY NOTICES

DRAWING

At a drawing made on 16th October 1981 in the presence of a Notary Public in London, Bonds of:

State of Sao Paulo Coffee Institute 7½% Sterling Bonds—Plan "A"

totalling £47,100.00 were drawn for redemption on 1st January 1982.

Lists of drawn Bonds may be obtained at Lazard Brothers and Co. Ltd., 21 Moorfields, London, EC2P 2HT, to whom Bonds should be presented for payment at a price of £102 per cent.

Bonds presented for redemption shall have Coupon Nos 112 to 119 attached, otherwise an amount equivalent to the missing coupons shall be withheld.

A FAMILIAR sight over British cities during the Second War, this RAF barrage balloon has taken a new role. Aerospace Dynamics Group, Bristol Division, is using ... measure radiometric characteristics of ground objects. ... types, crops, road surfaces are being studied from the ... beneath the balloon which contains radiometers and sma... antennas. British Aerospace at Bristol is on 0272 693831, e...

FT COMMERCIAL LAW REPORTS

Facts needed for Gafta protection

TRADAX EXPORT SA v. COOK INDUSTRIES INCORPORATED

Court of Appeal (Lord Justice Waller, Lord Justice Kerr and Sir David Cairns): November 6 1981

WHERE A party to an appeal from an arbitration award seeks to rely on the absence in the award of factual findings which at the time of the arbitration were not generally believed to be crucial to the other party's case, but which a change in the understanding of the law has since made crucial, he shall not be precluded from doing so unless it would be unfair to the other party or contrary to authority.

The Court of Appeal so held when allowing an appeal by Cook Industries Incorporated, buyers of soyabean meal, against Mr Justice Goff's reversal on July 30 1979, of an award by the Board of Appeal of the Grain and Feed Trade Association (Gafta) that Tradax Export SA, the sellers, were protected in their default under a contract by the terms of clause 21 of Gafta 100.

* * *

HIS LORDSHIP said that the appeal arose out of the embargo imposed by the U.S. on the export of soyabean meal in 1973. In 1972 the sellers sold to the buyers 12,000 metric tons of soyabean meal to be shipped at the rate of 2,000 tons a month for six months. The contract incorporated the terms and conditions of Gafta form 100.

The sellers did not intend to ship the goods themselves, but to appropriate to the contract goods which they had agreed to buy from certain identified "pre-sellers" who were immediately above them in a "string." When the embargo took effect on June 27, the sellers received from their pre-sellers, and passed on to the buyers, a number of notices claiming protection under clause 21 of Gafta 100, which provided that: "In case of prohibition of export . . . preventing fulfilment, this contract or any unfulfilled portion thereof shall be cancelled." The buyers rejected the sellers' notices and treated them as being in default of the whole June instalment. They contended that the sellers were not protected by clause 21.

*

The dispute was referred to two arbitrators who issued a joint award holding that the sellers were in default in respect of 1,800 tons. Due to the phenomenal rise in the price of soyabean meal shipped in June, that inevitably resulted in a very large award of damages to the buyers.

The sellers unsuccessfully appealed to the Gafta Board of Appeal, which published its award in the form of a special case. The special case came before the Commercial Court in July 1979, where the judge reversed the decisions of the arbitrators and the board.

The main points now arising on appeal from that decision were whether, in order to bring themselves within clause 21, the sellers had succeeded in identifying the relevant shipper whose shipment had been prevented by the embargo, and if so, whether it was open to the buyers to rely on the absence of any findings in the special case to the effect that at the time of the embargo neither the sellers nor the shipper had goods already afloat available with which to fulfil their obligations to the buyers.

The sellers succeeded in identifying the shipper. The second point arose out of a shift in the development of the law in Gafta cases. In the early years after the embargo it was generally believed that in order to come within clause 21, sellers had to establish that, but for the embargo, the goods would have been shipped. That point was very much in the minds of all concerned at the time when the board heard the sellers' appeal from the arbitrators, and when the special case was published in 1977.

*

However, the need for sellers to establish that point was negatived in *Bremer Handelsgesellschaft mbH v. Vanden Avenne Izegem PVBA [1978] 2 Lloyd's Rep 109*. After that case it came to be realised that sellers had to establish another fact in order to come within clause 21. That was that, on June 27, neither the shipper nor the sellers had unappropriated soyabean meal afloat which had been shipped prior to the embargo and which could have been appropriated to the buyers, or to the string leading to the buyers.

It was settled law that, subject to certain important exceptions, a party might, on the hearing of a special case, argue any point of law which could be seen to arise from the facts found or from the documents incorporated in the special case. A party might not raise a new point of law when it would be unfair to the other party to allow it to be raised. Thus a party would generally be precluded from raising a new point if it was one which could, and reasonably should, have been argued before the arbitral tribunal.

Previous decisions clearly showed that on the hearing of a special case a party could not seek to rely on an afterthought which was not argued before the arbitral tribunal and which would require remission of the award to the tribunal.

A new point could not be taken when the court was satisfied that the party seeking to take it had led the opposite party to believe, expressly or impliedly, that the point would not be taken, with the result that neither the opposite party nor the tribunal ever addressed its mind to it. In such a case it would obviously be unfair to allow the point to be raised thereafter.

The new point in the present case was one which had only been thrown up as the result of subsequent decisions of the courts as to the facts which sellers must establish in order to succeed under clause 21. At the time of the hearing before the board it never occurred to anyone that it was a point which required consideration or investigation. There was no tacit acceptance or understanding on the part of the sellers or the board that the point was not being taken, since in the state of the law as it was then, no-one addressed his mind to it.

The buyers had not had an *afterthought* in the sense that they sought to take a point which they could and reasonably should have taken before the board. It was a case where everyone in the trade and in the legal profession had had to *think again* as the result of subsequent decisions of the courts, which to put it loosely, had "changed the law."

What then was the answer required by justice? It was not disputed that the court must apply the law as it was now known to be. There could be no question of dealing with the special case on the basis of what the law was thought to be when the matter was before the board. The only question was whether the buyers were now precluded from relying on the law as it stood.

In his Lordship's judgment, they should not be so precluded. The sellers must fail on the law as it stood because they lacked findings of fact which were now known to be necessary. There was nothing unfair or contrary to authority which precluded the buyers from taking the point at the present stage, and they could not be criticised for not having taken it earlier. The appeal should be allowed.

Lord Justice Waller and Sir David Cairns agreed. Leave to appeal was refused.

For the buyers: David Johnson QC and Nicholas Legh-Jones (Richards, Butler & Co.).

For the sellers: Kenneth Rokison QC and A. M. Havelock-Allan (Thomas Cooper & Stibbard).

By Rachel Davies
Barrister

RACING

BY DOMINIC WIGAN

HEREFORD does not often play host to an Irish contingent but that is the case today when Sea Gantlet, Streakella and The Miller represent H. de Bromhead.

All three have claims to consideration on their best form. Would-be supporters would do well to monitor the market for it often proves the best guide to the prospects of Irish raiders.

I expect to see Sea Gantlet get de Bromhead and his jockey Coogan off on the right foot in the opening Fownhope Handicap Hurdle but I envisage one or two proving a cut above the other pair.

In the following race, the Lugg Novices Hurdle, Streakella will be hard-pressed to account for both Magic Night and Royal Missile.

Magic Night looked an assured future winner when finishing a promising fourth of 27 in a National Hunt Flat Race at Cheltenham in May.

Ridden by the champion jockey John Francome, Magic Night is trained by Fred Winter for Bula's owner, Capt. Edwards-Heathcote. He will be accompanied to post by Irish Cottage, a stable companion.

Royal Missile, a Fury Royal half-brother to the champion hunter-chaser Spartan Missile, is another to have shown promise last term. Following three unplaced efforts he accounted for all but Tru Mar in a three-mile novices event at Chepstow.

Royal Missile has a bright future but a test of stamina may be a prerequisite. For this reason Magic Night is suggested as the better proposition over this afternoon's 2½ miles.

In the Miller's Race, the Allensmore Novices Chase, I find it difficult to look beyond Royal Bowman.

HEREFORD

1.30—Sea Gantlet*
2.00—Magic Night**
2.30—Washington Heights
4.00—Royal Bowman***

BANGOR

1.45—Ballet Master
2.15—King Vulture
2.45—Barrow
3.15—Go Free

TELEVISION

BBC 1

9.05 am For Schools, Colleges. 12.30 pm News After Noon. 12.57 Regional News for England (*except London*): London and SE only: Financial Report, and News Headlines. 1.00 Pebble Mill at One. 1.45 Over the Moon. 2.00 You and Me. 2.14-3.00 For Schools, Colleges. 3.25 O Dro I Dro. 3.55 Play School. 4.20 Laurel and Hardy cartoon series. 4.25 Jackanory. 4.40 Play Away. 5.00 Newsround. 5.10 Screen Test. 5.35 The Amazing Adventures of Morph.

5.40 News.
6.00 Nationwide (London and South East only).
6.25 Barbara's World of Horses and Ponies.
7.15 Angels.
7.40 The Rockford Files starring James Garner.
8.30 Yes Minister starring Paul Eddington and Nigel Hawthorne.
9.00 News.
9.25 Play for Today: "Billy" by G. F. Newman.
10.45 Norman St John-Stevas in conversation with Sir Charles Forte, who heads the world's largest hotel, catering and leisure group.
11.18 News Headlines.
11.20 Kojak starring Telly Savalas.

Chris Dunkley: Tonight's Choice

If you are one of those who (whatever you may pretend to everyone including yourself) spend all night in front of the set, your timetable today could be very simple: switch on to BBC2 at 7.15, change to ITV at 8.00, and switch off at 12.25. That way you will see Denis Mitchell's 1957 documentary **In Prison** which makes an interesting contrast with tomorrow's **Strangeways** having been shot in the same place. Unlike the modern series **In Prison** uses actors to impersonate prisoners at least twice.

You start on ITV with a repeat of **Rising Damp** and Leonard Rossiter's appalling yet fascinating Rigsby, running straight into another sitcom **It Takes A Worried Man** from which Angela Down seems to have disappeared already. What a pity. Then comes Part 5 of **Brideshead Revisited** and Sebastian is now clearly a dipsomaniac. The honours in this episode are taken by Claire Bloom—and by Evelyn Waugh for his creation of Lady Marchmain—who is so infuriatingly reasonable and charming and wrong.

That is followed by **I Really Want To Dance**, a film about the Royal Ballet's lower school at Richmond which combines documentary and ballet in a programme coinciding with the 50th anniversary of the school's founding. Then there's **Talking Bikes**, a rare treat for those of us who ride motorcycles, and finally Phil Redmond's weekly object lesson on teenage mores: **Going Out**.

BBC 2

11.00 am Play School.
3.55 pm Antiques Roadshow.
4.35 Christopher Hogwood plays Bach.
4.40 Everybody's Doin' It.
5.00 In Search of . . . Arthur.
†5.40 The Five Faces of Doctor Who.
6.00 Grange Hill.
6.25 The Waltons.
7.10 News Summary.
†7.15 In Prison.
8.00 Top Gear.
8.30 Russell Harty.
9.00 The Last Song.
9.30 Your Life in their Hands.
10.10 Arena.
10.55-11.45 Newsnight.

LONDON

9.35 am Schools Programmes. 12.00 Rod, Jane and Freddy. 12.10 pm Pipkins. 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News with Robin Houston. 1.30 Armchair Thriller. 2.00 After Noon Plus. 2.45 Heartland. 3.45 Emmerdale Farm. 4.15 Hound for Trouble. 4.20 Get It Together. 4.45 Vice Versa. 5.15 The Gaffer.

5.45 News.
6.00 Thames News with Andrew Gardner and Rita Carter.
6.20 Help! with Viv Taylor Gee.
6.30 Crossroads.
6.55 Reporting London (magazine programme covering the issues that matter to the people living in London and the South-East).
7.30 Give Us A Clue: Host Michael Aspel with his two captains, Una Stubbs and Lionel Blair.
8.00 Rising Damp.
8.30 It Takes a Worried Man.
9.00 Brideshead Revisited.
10.00 News.
10.30 I Really Want to Dance.
11.30 Talking Bikes.
12.00 Going Out.
12.25 am Close: Sit Up and Listen with Anne Scott-James.

† Indicates programme in black and white.

All IBA Regions as London except at the following times:—

ANGLIA

12.30 pm Gardening Today. 1.20 Anglia News. 6.00 About Anglia. 7.00 Bygones. 11.30 "Where Are The Lads of the Village Tonight" 12.15 am The Church and the Dragon.

ATV

12.30 pm Gardening Today. 1.20 ATV News. 5.15 Mork and Mindy. 6.00 ATV News. 6.05 Crossroads. 6.30 ATV Today. 11.30 ATV News. 11.35 Barney Miller. 12.05 am Something Different.

BORDER

1.20 pm Border News. 5.15 Mork and Mindy. 6.00 Lookaround Tuesday. 11.30 Border News Summary.

CHANNEL

12.30 pm Gardening Today. 1.20 Channel Lunchtime News, What's On Where and weather. 6.00 Channel Report. 7.00 Survival. 10.28 Channel Late News. 11.30 A New Kind of Family. 12.00 Commentaires et Prévisions Météorologiques.

GRAMPIAN

9.30 am *First Thing*. 12.30 pm Gardening Today. 1.20 North News. 6.00 North Tonight. 7.00 Diff'rent Strokes. 11.30 The Monte Carlo Show: host Patrick Wayne, introduces an all-star line-up topped by Demis Roussos and Rowan Atkinson. 12.30 am North Headlines.

GRANADA

1.20 pm Granada Reports. 5.15 Diff'rent Strokes. 6.00 Granada Reports. 6.25 This Is Your Right. 7.00 The Gaffer. 11.30 Lou Grant.

HTV

12.30 pm Gardening Today. 1.20 HTV News. 5.15 Oscar! 5.20 Crossroads. 6.00 Report West. 6.30 Diff'rent Strokes. 7.00 The Gaffer. 10.28 HTV News. 11.30 Preview.

HTV Cymru/Wales—As HTV West except:—9.35-9.50 am Am Gymru. 10.15-10.30 Y Byd A'i Bethau. 11.39-11.54 About Wales. 12.00-12.10 pm Cwadi Cwac A'i Ffrindiau. 4.15-4.45 Camgam. 5.15-5.20 Porky Pig and Daffy Duck. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.30 Gwyl Gerdd Dant Cymru. 11.15 *World in Action*. 11.45-12.15 am Benson.

SCOTTISH

12.30 pm Gardening Today. 1.20 News and road and weather. 5.15 Pet Subject. 5.20 Crossroads. 6.00 Scotland Today. 6.20 Job Spot. 6.30 What's Your Problem? 7.00 Take the High Road. 7.30 Marie Gordon Price In Concert. 11.30 Late Call. 11.40 Going Out. 12.10 am International Bowls.

SOUTHERN

1.20 pm Southern News. 5.15 Dick Tracy Cartoon. 5.20 Crossroads. 6.00 Day by Day. 6.30 Survival. 7.00 The Gaffer. 11.30 A New Kind of Family.

TYNE TEES

9.25 am The Good Word. 9.30 North East News. 1.20 pm North East News and Lookaround. 5.15 Survival. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 10.30 North East News. 11.30 Going Out. 12.00 Remembrance.

ULSTER

1.20 pm Lunchtime. 4.13 Ulster News. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 7.00 The Gaffer. 7.30 Country Style. 10.29 Ulster weather. 11.30 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 12.30 Gardening Today. 1.20 Westward News Headlines. 6.00 Westward Diary. 7.00 Mark It. 10.32 Westward Late News. 11.30 A New Kind of Family. 12.00 Faith For Life. 12.05 am West Country weather and shipping forecast.

YORKSHIRE

12.30 pm Paint Along with Nancy. 1.20 Calendar News. 3.45 Calendar At Your Service. 5.15 Emmerdale Farm. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 The Gaffer. 11.30 Roots.

RADIO

(S) Stereophonic broadcast
‡Medium wave

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.30 Dave Lee Travis. 2.00 pm Paul Burnett. 3.30 Steve Wright. 5.00 Peter Powell. 7.00 Talkabout. 8.00 David Jensen. 10.00-12.00 John Peel (S).

RADIO 2

5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Susannah Simons (S). 12.00 John Dunn (S). 2.00 pm Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News; Sport. 6.00 David Symonds with Much More Music (S). 8.00 The Crazy Gang Story (S). 9.00 Listen to the Band (S). 9.30 The Organist Entertains (S). 9.55 Sports Desk. 10.00 Tony Monopoly at the Variety Club. 11.02 Sports Desk. 11.03 Brian Matthew with Round Midnight. 1.00 am Truckers' Hour (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3

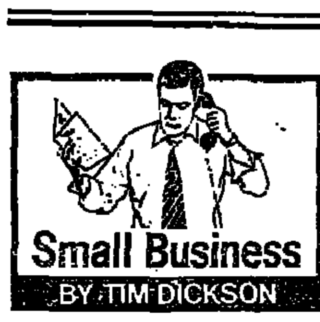
6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (cont.). 9.00 News. 9.05 This Week's Composer: Strauss (S). 10.00 Piano Duo (S). 10.55 Royal Northern College of Music Sinfonia (S). 11.45 Breval, Faure and Poulenc cello and piano recital (S). 12.30 pm Vienna Festival 1981 Concert, part 1 (S). 1.00 News. 1.05 pm Six Continents. 1.25 Concert, part 2 (S). 2.20 Scriabin piano recital (S). 2.40 Rubbra and Brahms (S). 3.45 Bach Harpsichord Music (S). 4.25 Jazz Today (S). 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 Haydn string quartet recital (S). 7.30 "La Sonnambula," opera in two acts by Bellini, from the Royal Opera House, Covent Garden (sung in Italian) Act 1, Scene 1 (S). 8.25 Interval Reading. 8.40 "La Sonnambula," Act 1, Scene 2. 9.05 "We Will Take the Payment in Paintings." 9.30 "La Sonnambula," Act 2 (S). 10.30 Words, Words, Words. 11.00 News. 11.05-11.15 Chopin arr. Godowsky (S).

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.02 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Thirty-Minute Theatre. 11.35 Wildlife presented by Derek Jones. 12.00 News. 12.02 pm You and Yours. 12.27 Lord Peter Wimsey. 12.55 Weather; Programme News. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Hatter's Castle by A. J. Cronin (S). 4.00 A Thorn in the Flesh. 4.15 He Shouldn't Have Been There. Should He? 4.45 Story Time. 5.00 PM: News Magazine. 5.50 Shipping forecast. 5.55 Weather: Programme News. 6.00 News, including Financial Report. 6.30 Top of the Form. 7.00 News. 7.05 The Archers. 7.20 Medicine Now. 7.50 Time Is So Short (S). 8.35 Anthony Hopkins (S). 9.05 In Touch. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Wrinkles. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ



Small Business

BY TIM DICKSON

Why David Cooksey went up market

BY ANY standards, except perhaps his own, David Cooksey's performance as an entrepreneur has been impressive. *In the ten years since* taking over Intercobra, De La Rue's loss-making plastics and packaging subsidiary in Fife, Scotland, Cooksey has turned the company round, developed new products and thereby established a technological lead in several areas of the group's activity.

Yet Cooksey is only "moderately" satisfied by this achievement. "It has been a long, hard struggle," he says, "and in some ways an unnecessarily tedious process getting the company onto the right tack. Even now, we have not gone far enough," he adds ruefully.

Cooksey's *aim was to drive* Intercobra away from its original "competitive, volatile and sometimes cut-throat" markets into new more profitable areas of technology. "After a few years riding the ups and downs of the economic cycle I decided to try and focus on products with high margins and high added value which would not be seriously affected by general downturns in demand. I gradually identified this as the w*ay to achieve rapid growth.*"

Until the middle of last year, when pre-tax profits reached a peak, the policy seemed to pay off handsomely enough for Cooksey. *But he is* candid enough to admit that 1981 has been a different story.

This year's results will be badly dented by difficulties at Braidwood Developments, a company bought "for a song" from the Scottish Development Agency in 1979 but which has *taken longer to pick up off the* ground than he had originally anticipated. Intercobra has also been hit by the recession and the strength of the pound *earlier this year.*

"The lesson is clear," says Cooksey. "Too many of our activities are still exposed to downturns. Over the last few years I have been trying to push the company in a new direction but the big problem has always been capital. We *have never had enough to make* the sort of big investments in new technology which I would have liked."

Cooksey's experience at Intercobra, where he remains chairman, is proving invaluable in his association with Advent Technology, the new investment company to which he now devotes "more than 80 per cent" of his time and which represents an opportunity for him to help other entrepreneurs to make the big rush for growth which has so far eluded him.

Stimulate

Advent, which has a share capital of £10m subscribed by its 20 British and three European institutional shareholders, was set up in April this year to back enterprising companies and individuals in the high technology sector. The idea is to take significant minority *stakes in businesses which* Cooksey and his two partners, Peter Brooke, a U.S. venture capitalist, and Michael Moran, an entrepreneur who sold his business to Racal Electronics, will identify.

Management expertise as well as money will be provided while Advent also intends to stimulate joint ventures, using its links with European and American venture capital companies as a conduit for technology *transfers.*

Cooksey's passion for high technology is inspired by a number of factors. Experience

> ❛ We do not expect people to sign away everything they have . . . but we do expect a substantial commitment ❜

of Intercobra's general packaging and plastics business taught him that the best laid plans in a high volume business can be rendered inept by a recession; at the same time he has grasped that tiny businesses with a bright technological idea can rapidly grow with the right financial backing. And no less *sincerely he believes that the* future of the UK depends to a great extent on new technology replacing declining industries."

One of his biggest hobby horses is the need for entrepreneurs looking for development capital to give up a substantial chunk of their equity. "People who have built up a business from scratch are often reluctant to do this but in my experience they will be able to *grow much more quickly and* build up a more substantial asset by having more capital rather than owning 100 per cent *of the shares.*"

At the same time entrepreneurs looking for money at an early stage should be prepared to put their own money where their mouth is. "At Advent we do not want people to sign away everything they have—house, insurance policies, the lot—but we do expect a *substantial commitment from* the individuals themselves."

Cooksey contrasts the position today with the market in 1971 when he decided to bid for *Intercobra.*

"At that stage I had to scrape up enough money from family and friends (£36,000) to buy the company. I paid exactly the same as everybody else for my own shares but today there are lots of venture capital companies, including Advent, which are prepared to let the critical people in a small company buy shares considerably more cheaply than anybody else."

Last week Advent announced that it had found its first two investments—a Yorkshire-based electronics company, Filitronic Components (in which it is taking a 40 per cent stake at a cost of £½m) and I. P. Sharp Associates of Toronto (in conjunction with others Advent has acquired 12.9 per cent). Two other deals have almost been tied up and according to Cooksey many others are currently under consideration.

These companies will have to satisfy Advent's strict investment criteria. They should, for example, have identified a market place for their products, *something which Cooksey* believes many small businesses tend to overlook. They should have what he calls "proprietory" technology, protected either by patent or know-how.

"There should be a critical *mass of* people who are aware of possible competition in their *company's markets and have* ways of dealing with it. And there should be sound financial controls with adequate cash flow projections and room for slippage if things do not go according to plan."

From his experience of trying to pick winners Cooksey *feels that too many budding* entrepreneurs want to value their businesses on unrealistic fancy American ratings (cynics will point out that it is in his interest to discourage this alarming tendency). "I find that people often try to value their companies on expected profits in two to three years' time. Such estimates involve a lot of assumptions and I find it a rather greedy attitude."

Advent has also encountered a marked reluctance to work out a really good business plan and an initial suspicion of outsiders by people who already *run an established business.*

Cooksey for one feels entrepreneurs have every reason to be optimistic. Five years ago—disillusioned by high taxes and low incentives—he almost packed his bags and went to live in the U.S. and was only talked out of it by friends. Today he feels the risk/reward ratio is better balanced, the political climate has improved and the opportunities for those who want to build up capital *considerably greater. One* suspects he might even wish Intercobra had been up for grabs 10 years later.

David Cooksey: identified high margin, high added value products "as the way to achieve rapid growth"

In brief . . .

● Another £10m of "cheap" finance will shortly be made available from the EEC for small Scottish businesses hit by coal and steel closures.

The Scottish Development Agency and the Clydesdale Bank are expected to announce at the end of this month that they are becoming UK agents for the European Coal and Steel Community (ECSC) global loan scheme. Barclays Bank, the Welsh Development Agency and the Co-Operative Bank are also recent recruits to the scheme, joining long-standing agents BSC Industry and Industrial and Commercial Finance Corporation.

Under the scheme the agents hand out the money — the SDA and Clydesdale will be getting £5m apiece—in parcels of up to £50,000 to companies which are creating new jobs in the affected areas.

● A one-day conference on "Starting Up in Business" organised by the Industrial and Commercial Finance Corporation (ICFC) will take place on Thursday December 3 at the CBI Conference Centre in London. Attractions include the peripatetic John MacGregor, Parliamentary Under Secretary of State for Industry with special responsibility for Small Firms, three ICFC speakers, a businessman, an accountant and a civil servant. The price is £23 for the day. Contact Mrs C. *Biggs. ICFC, 91 Waterloo* Road, London SW1 8XP.

● Details of the first fund to be set up via local initiative under the Government's Business Start Up Scheme are being announced today. Mercia Venture Capital is the brainchild of Jim Hearnshaw, chairman of the John Folkes Hefo engineering group, and most of its investments will be in companies that are likely to be located in the West or East *Midlands. Mercia is the third* fund to take advantage of the Government's new incentives, but its target of £0.5m is small compared with the £8.6m which Electra Risk Capital announced that it had raised last week. Stockbroker Laurence Prust has not yet *revealed* the level of subscription to its Basildon Fund.

Company structures

The Department of Trade has now begun weighing up the case for legislation to create a new form of company structure, having just finished taking comments on last February's Green Paper, "A New Form of Incorporation for Small Firms."

The Green Paper, which was based on a memorandum by the Department's resident law academic, Professor L. C. B. Gower, put forward a new form of legal entity for small private businesses. The inspiration was the belief that incorporation under the Companies Acts may impose unnecessary administrative burdens on small firms and require the disclosure of information useful to competitors.

Professor Gower's alternative involves the granting of corporate status and some *measure of limited liability* to partnerships while introducing safeguards for creditors which are simpler than those in the Companies Act.

The main advantage would be that the complicated rules governing the relationship between shareholders, directors and the company would not be required. These are inappropriate when the company is managed and owned by, say, a husband and wife or father and son.

The DoT is tight lipped at this stage about the size and content of submissions but Peat, Marwick, Mitchell, is among accounting firms which have their reservations.

The firm questions the need for a new form when there is no sign of any decline in companies registering *for incorporation and* suggests that the reason for this may be the attraction of limited liability. It also points out that most of the administrative work which the new form seeks to avoid would have to be done anyway to keep the tax authorities happy.

Peats argues that a better solution might be to reduce the amount of information which companies of a certain size have to send to their shareholders. Preparation of *a directors' report, for* example, is one chore that could be avoided.

HEADHUNTING

Personnel 'opts out' of dealing with top jobs

BY ARNOLD KRANSDORFF

MORE AND more companies are turning to headhunters to help them fill top jobs. But by by-passing their own personnel experts, many of them are failing to apply the same strict standards of assessment that they would use to make other major corporate decisions.

This is the opinion of Chris Kiddy, a Bristol-based management consultant who specialises in personnel *problems and* 40 per cent of whose business is executive search. He also runs an advanced interviewing and assessment skills course in conjunction with the Institute of Personnel Management.

Conclusion

In most organisations, even the very large, Kiddy told the IPM's annual conference in Harrogate late last month, the jobs that are critical to the survival and growth of the enterprise are also the ones which are least likely to be handled by the company's own personnel people.

"The initial call comes usually from the chairman or managing director. *At best the* personnel role is limited to administration—explaining the company structure, discussing terms and conditions, interviewing in non-performance related areas such as home life, interests and relationships, discussing induction and training *programmes.* At worst the personnel specialist deals with expenses or, in all too many cases, is told of the recruitment programme when the chairman announces the name of the successful candidate for the key role."

The conclusion, according to Kiddy, is that in most cases personnel has opted out; that there is a case of diminished responsibility—"diminished in the first place by personnel managers accepting a subservient, administrative role and diminished responsibility at a corporate level by failing to apply the same rigid assessment of the value and potential of key people that would be applied to capital projects, a[...] vertising campaigns, new pr[...] ducts etc."

"*Top* appointments a[...] among the most expensive [...] corporate decisions," Kid[...] points out. "A £25,000 a ye[...] appointment costs some £10,0[...] in search fees and expenses; [...] he or she proves unsuccessf[...] probably at least a furth[...] £10,000 will be involved [...] salary, oncosts and severan[...] pay before a replacement [...] found." In addition, at th[...] level the indirect costs to t[...] business of a poor perform[...] probably runs into millions [...] pounds over just a couple [...] years, according to Kiddy.

Kiddy believes that o[...] reason why internal personn[...] specialists are excluded is th[...] to demand a fully professio[...] service would "place mo[...] power in personnel hands [...] power that in most organi[...] tions is in short supply for li[...] managers and not something [...] be released to personn[...] particularly where 'politic[...] deals around appointments m[...] be exposed and challenged."

Another reason for the l[...] of expertise within compan[...] is the *belief that top-le[...] external recruitment* is such [...] infrequent activity that [...] makes sense to use exter[...] experts, he adds. "While t[...] may be true for promot[...] decisions, assessment sk[...] should be a prerequisite [...] any senior personnel manage[...]

Active

Kiddy also believes that [...] personnel department "has [...] demonstrated to top man[...] ment that we have indisp[...] able skills in this aspect [...] personnel work."

To rectify the situat[...] Kiddy suggests that the r[...] tionship between personnel [...] line management be shi[...] from a passive to an active [...]

"So *long as recruitmen[...]* primarily concerned with fil[...] vacancies its practitioners [...] remain administrators; whe[...] actively influences organ[...] tional strategy its practition[...] will be true professionals."

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Houston

Donna del lago

by ANDREW PORTER

A little rush of serious Rossini has suddenly occurred over here. San Francisco did *Semiramide*, Philadelphia did *Mosè*, and Houston (which recently overtook Philadelphia as America's fourth-largest city) did *La donna del lago*. The *Donna del lago*, funded in part by the American Friends of Covent Garden, is due in time at the Royal Opera. On the first night in Houston, I remarked to Sir John Tooley that before crossing the Atlantic all it needed was a new production, new sets, a different conductor, and some cast changes.

But perhaps that's unfair. I'm told that things picked up after that first night. On that occasion, there was some prodigious vocalism but little feeling for *the tinta of Rossini's* beautiful opera—directly inspired by Scott, we are told. (Rossini read the poem and instructed Tottola to fashion a libretto from it.) In the last scene of Rossini's early opera *Tancredi*, as the streams' fearful clangour seconds Tancred's gloomy thoughts, the old simile aria of *opera seria* becomes a dramatic metaphor enacted by poet, composer, and scene-painter at once. (The start of Gluck's *Iphigénie en Tauride* is a neoclassical precursor of the Romantic device.) In the last scene of *William Tell*, the metaphor achieves sublimity, as the vista of snowy peaks prefigures Helvetia's freedom. Between them, *La donna del lago*—the first Scott opera—inaugurates the nineteenth century's long concern with picturesque Northern landscape allied to romantic feelings.

But Ming Cho Lee's scenery was greyish. A mist hung over this Scotland. Loch Katrine was not "one burnish'd sheet of living gold." "Each purple peak, each flinty spire" was not "bathed in floods of living fire." Frank Corsaro, the producer seemed at sea; his staging combined irrelevant diversion (a menagerie of birds and beasts) with stock posturing. Famous images (Ellen alone in her swift skiff) were smudged (she lay down and played with a live dove while a boatman propelled the craft). Claudio Scimone was a routine conductor, making little of the marvellous atmospheric effects in the score.

Marilyn Horne, in high-heeled boots, a saucy pleated tartan skirt, and a nipped-in velvet jacket (not the flowing kilts and plaids *of the chorus*), *looked* like a Drum-Matron of the Dagenham Girl Pipers, but she sang Malcolm's cantilena in dulcet tones and his coloratura with glittering power and agility. Frederica von Stade, a mezzo was Ellen, a soprano role (Kiri Te Kanawa did it in London in 1969). Her timbre was lovely in the mezzo range, peaky above it. She is oddly reluctant to join notes into phrases: even in worlds like "speme" there were gaps between the syllables. Rockwell Blake, James, was wonderfully fleet in divisions, but the sound was not always attractive.

Round House

Andrei Voznesensky

by ALAN FORREST

In Moscow he can lure 15,000 people into a football stadium and sustain an hour of peak time TV viewing. The response to Andrei Voznesensky's first poetry recital of his British tour wasn't quite like that but he did just about fill the Round House, and mainly with paying customers. (There were stories that when his compatriot and fellow poet, Yevtushenko appeared a few years ago the house was heavily "papered.")

It seems that Russia's premier poet has survived his troubles with the Soviet literary establishment. He was listed as a naughty boy when he joined a protest against censorship in the arts. Since then his rock opera, *Juno and Perchance*, has been one of the successes of the Moscow theatre season and Voznesensky's pop star charisma has increased.

People used to English poets in public haven't heard anything like this before. Voznesensky gives a brilliant one-man show — what comes over is an actor who just happens to be reciting his own words. Edward Fox did the translation in a quiet but effective manner, leaving the poet to steel the histrionic thunder which he does beautifully, standing by the light in that traditional Russian grey suit, his right arm moving up and down like a pump spilling out words to the back of the hall.

His poems range from the highly personal to the public—homages to his heroes, Pasternak, Chagall and Gogol, a lovely one based on his first meeting with Pasternak who took him to a performance of *Romeo and Juliet* and a look at technology from the Russian standpoint ("We send them our best ballerinas and get Pepsi-Cola in return"). Even with a less-than-rudimentary knowledge of Russian, I was able to see how much is lost in translation — in the technology poem a beautiful play on words between "Terpis Chora" and "Pepsi Cola" suffers in translation.

There were tender, wry and *haunting love poems*, "*Do not* return to your old loves, there are no former lovers in the world, just duplicates," and "I'll not forget you when I've gone, I shall not see you any more." He gave us little that was overtly political but there were constant snipings, as in the technology poems:

I'm a fellow traveller of this
technological revolution
With all due respect to samovars
In the very middle of this
provincial whole
I long for plumbing and freedom of thought.

The evening ended with tapes from the poet's rock opera. The success of the recital was that amid a warming up cold war, it gave us a two-hour glimpse of another Russia, the Russia of Pushkin, Gogol, Dostoevsky and Pasternak. Voznesensky's tour will take him to Edinburgh, Dublin, Cambridge and he will perform in London again at a European poetry festival and at one of Michael Horowitz's Poetry Olympics at the Young Vic.

John Llewelyn Rhys Prize

The 1981 *John Llewelyn Rhys* Memorial Prize has been won by A. N. Wilson for his biography of Sir Walter Scott *The Laird of Abbotsford* (Oxford University Press, £8.95).

"Portrait Study of an Elderly Man," attributed to Francesco Bonsignori, and "Young Woman with a Lap Dog" by Lorenzo Costa.

Victoria and Albert Museum

Splendours of the Gonzaga

by WILLIAM PACKER

There are those among us who feel that one really can have too much of a good thing, that enough is enough; and to bring to the V and A, already so conspicuously well stocked with Renaissance treasure, even more of the same is just a shade perverse. But there it is, and why not? The sponsors have combined, the scholars have scoured the great collections of Europe, most especially those of Italy and Britain, and one of the greatest sustained celebrations of the humane and civilised arts has been recreated: a shadow, a whiff, a faint echo only of what was once so magnificent, perhaps, but a lesson and a treat for all that in these pinched and philistine times. The Cariplo Bank of Lombardy has published a fine catalogue, beautifully printed by Amilcare Pizzi of Milan and stuffed with scholarship; the Daily Telegraph has helped the venture along; the leaders have rallied round most generously, and almost everyone concerned has reason to feel very pleased with himself. We have a great deal for which to thank them.

The Gonzaga were lords of Mantua, as Captains, Marquesses and Dukes, for those three high Renaissance centuries and more, fourteenth, fifteenth and sixteenth, before declining abruptly through bankruptcy and a failed succession early in the seventeenth. They kept their state accordingly, as indeed their dignity and authority obliged them to maintain it, displaying openly their wealth and power through Art and Architecture—part precautionary intimidation no doubt, and part justification, but clearly also, and increasingly so as the dynasty grew more confident, a sheer delight in beautiful things, and in the patronage of the men who make them. With what style, discretion and good judgment they did so it is the whole purpose of this exhibition to demonstrate.

This, then, is rather more than the sum of its admittedly ravishing and fascinating parts, brought together merely to serve a useful scholarly point, but the recongregation of objects that were once actually together, long since dispersed. It remains true, nevertheless, that only through the consideration of each object in turn may this cumulative understanding be achieved; for, though the intention of the organisers was clearly otherwise, the installation itself makes any more general experience impossible.

For the exhibition, so conscious an exercise in didactic display and presentation, is also in its practical aspect yet another product of that modern phenomenon, the pseudo-discipline of exhibition design; and yet again we are treated to a fussy, conceited, intrusive and inept failure. What was intended in all sincerity to enhance and inform in the event interferes and distracts, and this in a museum that is a byword for civilised and effective display. It all looked fine, I am sure, as a proposal in diagram and model, *all concept and sightlines, and* still might just work empty of all but a handful of selectively colour-blind visitors: but that can hardly be the hope. I say this not to put anyone off, but simply to warn against and thus, perhaps, forestall irritation. The things themselves are worth all the trouble.

The show follows a natural chronology, the several sections and sub-sections pointing the history of the Gonzaga themselves, and the parallel development and ramification of their collections, from the foundations of fortune laid by Luigi, who in 1328 became the first captain, to the final distintegration and dispersal upon the death in 1627 of Vincenzo, the seventh and last duke. Charles I of England was in at the end, his agent Daniel Nys taking rich pickings indeed: 175 paintings that included 19 Titians, 10 Brueghels, 12 Mantegnas and 293 pieces of sculpture. Charles could scarce afford them, and they were to stay together too short a time. Broken up under the Commonwealth, little remains of that spectacular haul today but Mantegna's Triumphs of Caesar, now in the Orangery at Hampton Court.

A little sad perhaps, that great works of art and craftmanship *should be thus shrugged off by* political and puritan zeal, but perhaps also a fitting end to a particular story. Nothing is fixed, immutable, and Art regenerates itself in fresh surroundings, under new hands and eyes. For those three centuries the Gonzaga had taken their initiatives for thir own reasons, buying old and commissioning new: Ludovico, who brought Mantegna to Mantua (where he was to stay for nearly fifty years), and for whom the extraordinary Painted Room, the Camera degli Sposi, was decorated; his grand-daughter-in-law, Isabella d'Este, patron of Mantegna in his old age, and of Leonardo, Titian, Correggio, Giulio Romano, the sculptor Antico Palertrina, and with her books, her plate, her antiquities, her music the most various and complete of all the Gonzagen collectors; her son Federico with his love of painting; the last three Dukes, patrons still, whether of Monteverdi, Rubens or Domenico Fetti. Such engagement was in their blood, and its effects could not long survive them. The true collector knows that his own peculiar creation is as ephemeral as himself.

And there it all is, or rather some of it, just enough to get a taste: the Mantegna Room, half-size with the frescos in colour photograph, coins, illuminated books and manuscripts, Hellenistic sculpture, renaissance bronzes, ceramics, engravings, paintings, the Lords of Mantua to the wooden, painted life on horseback. For myself the paintings are most memorable: the family portraits by Titian and his ideal of Mary and the Holy Child picnicking with St Catherine and a rabbit; Isabella by Romano, Eleonora de'Medici so seriously at prayer with all her children painted by an unknown Fleming; St Carlo Borromeo by Fetti; and the tiniest fragment of a great Rubens, a hand and arm and a little white dog.

The Splendours of the Gonzaga remain at the V. & A. until January 31, Fridays excepted.

Billy Connolly season at the Cambridge

Billy Connolly's new one man show *The Pick of Billy Connolly* is to have a two-week season at the Cambridge Theatre, London, opening on November 24.

Performance times will be 7.45 nightly.

On the evening of Sunday November 29 The Spinners will appear in concert for one night only at the Cambridge.

Anecdote competition

Frank Muir and Cockburn's the port people, have launched a national campaign to find the best after-dinner stories and to preserve them in published form for the future.

Anyone who had a favourite after-dinner story, anecdote or joke should send it, using not more than 150 words, to Cockburn's After-Dinner Story, 2 Tavistock Place, London, WC1. Those sending the best stories will receive bottles of Special Reserve.

Festival Hall

Philharmonia

The Philharmonia Orchestra under Wolfgang Sawallisch began a cycle of Brahms symphonies on Sunday evening. It was an all-Brahms programme (as the other two concerts will be) and it contained some exceptionally fine playing. The *Tragic Overture* set a standard of clean, disciplined ensemble and quick rhythmic responsiveness. In his firm, absolutely unmannered way, Sawallisch secured a detailed, finely sprung account which was simply right.

Orchestral support in the first movement of the Concerto for violin and cello, op 102, was a model of accuracy and subtle shading. The soloists were Salvatore Accardo and Lynn Harrell and they would be hard to match for intonation and the perfection of their unison passage work if for nothing else. But they had everything else to offer: the wide range of sonorities which is the glory of the solo writing — shimmering, lyrically tender, biting, quasi-orchestral — was wonderfully encompassed. And in their most tonally contrasted moments they always played together as if one—which gives them the edge over even such illustrious executants as Tortelier and Stern, in whose performances *individual mystique invariably* wins out.

The C minor Symphony, like the Double Concerto, was distinguished by a slow movement of intense sad sweetness, though here was a searching, intellectual quality also, and a memorable sense of architecture, and an iridescent glow. The oboe, clarinet and violin solos were all poised and lovely. Sawallisch made as good a case for the intermezzo-like third movement as I have heard: it did not seem too inconsequential but it was not pushed too hard and its relaxed elegance fitted well into the overall symphonic scheme. The outer movements were no less impressive. Sawallisch appears to be an ideal Brahmsian and the three further Brahms concerts he is giving with the Philharmonia (including a *Deutsches Requiem* in the Albert Hall) can be safely recommended.

PAUL DRIVER

Elizabeth Hall

Philip Fowke

Sunday afternoon's recital engagingly set off a pair of well worn masterpieces, Beethoven's Waldstein and Liszt's B minor Sonatas, with three lesser known groups of works; the piano original of Greig's *Holberg Suite*, *Four Polkas* by Smetana and Bartok's *Improvisations, Op. 20*. From this information alone one would judge Philip Fowke to be a pianist of wide interests and no mean technical accomplishment.

His playing in the first half was, however, uneven. The Waldstein was voiced monodically, with little of Beethoven's interesting accompaniments or counterpoints allowed to intrude upon the melody. A lack of variety in shaping the architectural paragraphs of the outer movements and a general excess of nervous energy gave a monotonous finish to the playing.

Similarly, the Smetana Polkas were delivered with all the "characteristic" rubato one could ask for, but the melodic contours sounded strangely unmotivated and shapeless.

The interval brought a marked change for the better. In Bartok's spiky *Improvisations* Fowke's musical understanding and technical ability were finally united. He was especially good at catching the transient nature of Bartok's invention, while emphasising the intervallic and rhythmic unity of the works.

The performance of Liszt's B minor Sonata had everything one had previously missed in Fowke's playing; a big range of colour, an uninhibited emotional identification, a natural sense of rubato that made transitions (both musical and technical) sound natural and convincing. He is obviously a serious, convincing pianist, but I suspect that he will make his mark in the concerto repertory rather than on the recital platform.

Purcell Room

South Bank Swing

The regular appearances in Britain, especially the London area, of the top American jazz artists leads, perhaps inevitably, to the unjust neglect of top local talent. Frequent gigs by British musicians in pubs and clubs mean they are taken for granted by fans — and critics! So a more formal recital or concert is often needed to act as a reminder that Britain does possess many world class jazzmen. Promoter Michael Webber specialises in presenting such events and his latest, on Saturday, spotlighted two of Britain's brightest stars, pianist Eddie Thompson and trombonist Roy Williams.

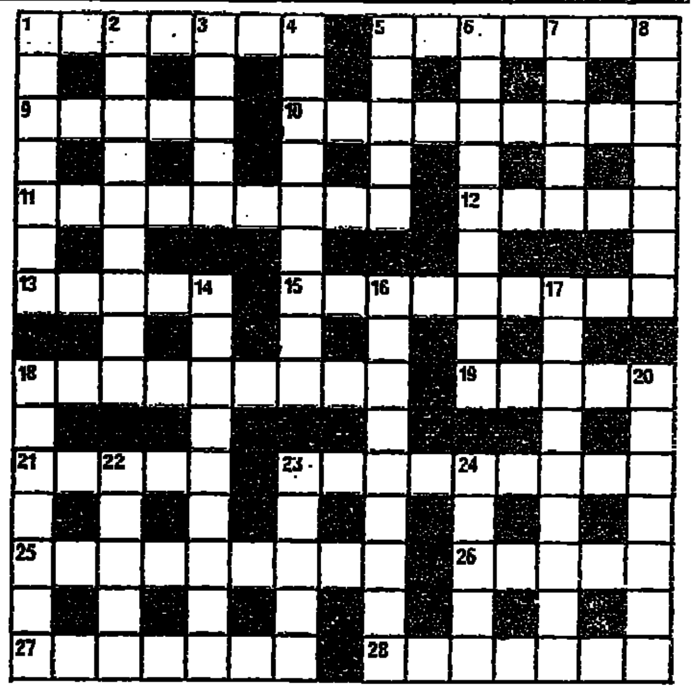
Drawing unashamedly on the quality tunes of quality composers Thompson and Williams (plus bass and drums) entertained with solid, swinging tuneful jazz presented unpretentiously and with obvious thought and care. It was not one of those sometimes boring "blowing" sessions when solos of the same extended length are taken in the same predictable sequence, soon inducing disinterest and somnolence all round.

There was plenty of variety. On a couple of tunes Thompson interestingly utilised the orchestral spectrum of a synthesiser. "Secret Love" was taken at an unfamiliar bossa nova tempo and incorporated some tasty boogie. Tension-building stop choruses were shrewdly devised. Thompson presented, so he said, for the second time in a week *with a Steinway to play, took* the opportunity to perform a dazzling, unaccompanied "Shadow of your smile" at a fast lick, full of fat chords, bounding left-hand bass work and slick changes of tempo.

Roy Williams is not a flashy technician but a constantly creative trombonist whose work is adventurous but always lined with impeccable taste. His tone is smooth, but not as velvet which adds to its attraction. Additionally his musical rapport with Eddie Thompson is something special as they demonstrated on an unaccompanied duet version of "It never entered my mind".

KEVIN HENRIQUES

F.T. CROSSWORD PUZZLE No. 4,720



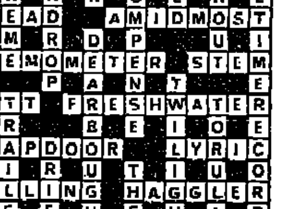
ACROSS

1 Just a post at Highbury (7)
5 Girl sounds in form in wrong part (7)
9 Bird with head covered (5)
10 Soldier cut by sailor (5-4)
11 Nurse having an attempt at making butter (5, 4)
12 All right 10 getting round memorial (5)
13 Old affirmative way of fermenting agent (5)
15 Depressed as well by beginner's strike (4, 5)
18 Continually busy in successession (2, 3, 4)
19 One races round ancient monument (5)
21 Manage to return with head start in period (5)
23 Painting even now has energy (5, 4)
25 Wonder if one should have a flutter (9)
26 What choir did about Laura's initial bad language (5)
27 Beg special outing for Cockney female (7)
28 Excess signs of rough water before tie-break (7)

DOWN

1 Mysterious if one is not careful (7)
2 Sorry about cooped up worker (9)
3 Sacking chap going round pole twice (5)
4 A lot to expect from the High Commission (4, 5)
5 Frenchman ought to clear painter (5)
6 The Observer weekly (9)
7 One second by surprise (5)
8 Thanks college with gate money (7)
14 Bound to provide accommodation in pub (4, 5)
16 See about it turning up verbal dexterity (9)
17 I get no air with which to begin (9)
18 Superintend position of bishop (7)
20 Bob acquires West-end cunning (7)
22 Ought green to be open? (5)
23 Clever bringing up public transport (5)
24 Earl's crooked beam (5)

Solution to Crossword No. 4,719



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Breaking the gas monopoly

THE BRITISH Gas Corporation is by several measures one of the most successful of Britain's nationalised industries. It is natural, therefore, that the Government's plans to change the BGC's structure are being resisted by a tough and determined management, committed to and proud of the British Gas Corporation as it now exists.

The Government must make it clear that it is not attacking the BGC for being aggressively managed or for being in the public sector *per se*. The point is that any state-owned monopoly should be no more monopolistic than is strictly necessary on economic grounds; the more competition can be introduced, the more pressure there will be to increase efficiency and provide a better service to the customer.

Objective

The Government's decision yesterday to give the BGC itself the opportunity to propose ways of breaking its grip on the retailing of gas appliances should help to convince the management that the Government's objective is to encourage competition and not simply to attack a nationalised industry as an end in itself.

The second part of the Government's plan—the forced sale of the BGC's oil interests—is harder to justify on competition grounds. The Corporation has had a good record in energy exploration and there is no reason why it should be restricted solely to finding and developing gas fields, although this must be its primary aim.

On the other hand, it is quite reasonable for the Treasury to wish to sell some BGC assets as a contribution to public financing: the main thing is that this should not appear to be a vindictive measure against the public sector. Consideration should certainly be given to Sir Denis Rooke's suggestion that a private shareholding in the BGC as a whole would be preferable to piecemeal dissection.

However, it is the cornerstone of the Government's new gas policy—the abolition of the BGC's right to buy all gas produced in the UK's fields—that is likely to arouse greatest controversy. It is widely argued that abolishing the present monopoly will inevitably raise prices for the users of North Sea gas. It is necessary to distinguish between the effects of any North Sea policy on four separate interested parties — gas producers, the BGC, gas consumers and the Treasury.

Higher prices paid to gas priducers need not necessarily increase consumer prices because of the large and essentially arbitrary monopoly profits which now account for the difference between the BGC's buying and selling prices.

These fall into two parts—the Treasury's demands, in the form of financial targets, cash limits and the newly imposed Gas Levy, and the disguised monopoly profits which may exist in the form of reduced efficiency, excessive pay rates or over manning in the gas industry. The whole point of introducing competition must be to eliminate the latter form of monopoly profits as far as possible and to place the taxpayers' share of gas profits on a more rational basis.

It would be preferable if competition led to an improvement in the BGC's efficiency rather than simply a reduction in Government revenues from gas. However, achieving this desirable goal will need more than just the introduction of competition for the BGC's gas supplies. It may well need some form of price regulation and outside monitoring of efficiency, since the distribution of gas to domestic consumers is bound to remain a BGC monopoly even after competition is introduced at the production end of the chain of supply.

Profits

Realistically, it would also have to be accepted that the Treasury's take would probably have to be reduced if it were deemed desirable to protect the consumer from higher gas prices, while allowing North Sea producers to earn more for their gas. However, if the present level of North Sea profits were regarded as adequate, it would be perfectly feasible to abolish the BGC's monopoly and tax away the additional profits earned by gas producers as a result of the higher prices they could then command.

The distribution of the benefits from Britain's gas supplies between taxpayers, consumers and gas producers is an issue quite separate from the BGC's monopoly. This is a fact which the BGC's present role as a sort of disguised tax collector for the Treasury should not be allowed to obscure.

Belgium in a double trap

THE BEST reading to put on the outcome of the Belgian elections is that the patient is no better—he is much the same. Put the worst interpretation on the result and you have to put the patient on the critical list.

What has happened is that the Christian Democrats, a centre grouping which has been the stabilising element in Belgian politics, lost heavily to the Socialists and to the Liberals, whose liberalism is of the 19th century variety which should now be called conservative. The centre-left coalition which has been ruling the country in hand-to-mouth manner has lost its basis.

The electoral arithmetic would permit a continuation of the existing Christian Democrat-Socialist coalition, but it would be as flawed as its predecessor. Theoretically, Liberals and Socialists could also command a joint majority, but their politics are poles apart.

Whatever coalition emerges from what may prove to be difficult and acrimonious bargaining will find it almost impossible to straddle the linguistic dividing line between French-speaking Wallonia and Flanders, where the people speak Dutch.

The outgoing Government of Mr Mark Eyskens, a Christian Democrat, collapsed because its Socialist members were unwilling to sacrifice the steel industry of Wallonia to a programme of budget retrenchment. Steel, which is the industrial mainstay of Wallonia is losing money at a rate of about BFr 1bn (about £14m) a month; the Flemings did not see why they should underwrite such losses.

Two traps

If an anti-Socialist coalition were now to decide to force the steel industry to put its own house in order, it would inevitably add to Walloon discontent. Unemployment ratios in Walloon industrial areas already have reached 30 per cent in some places. In the short run, at any rate, a process of industrial restructuring would, therefore, have the gravest of social consequences, however necessary it may be in the longer term.

That catches the politicians in Brussels in two traps at the same time. If they bow to Walloon wishes they will immediately be presented with countervailing demands from the Flemings. Flanders, too, has declining industries and will want any help given to steel to be balanced by help for Flemish textile mills and shipyards.

The linguistic problem is the other trap. If Wallonia is not bailed out, French speakers will find it even less attractive than hitherto to be yoked to Flanders. A belated attempt at a limited devolution of powers to the two regions has not silenced those who want autonomy for their own part of the country. The result of the election is grist to their mill.

Strains

Strains within the Belgian body politic are therefore bound to increase, though it is as well to remember that Belgium, independent since 1830 in its present form, has so far always contrived to hold together. There are good reasons for it continuing to do so. Left to itself with its declining industries, Wallonia would probably be worse off than now, not better.

That granted, it follows that the best hope for Wallonia is a firm policy calculated to put to rights the entire Belgian economy. Flanders, too, would profit. During the 1960s, it overtook the south in wealth by attracting foreign investment. That phase is now over. Investors have been deterred by ever increasing Belgian labour costs.

Recent Belgian governments have tried to buy their way out of trouble by going ever deeper into debt. Mr Eyskens may have overstated the case when, during the election campaign, he forecast that by the end of next year Belgium may no longer be able to borrow abroad. But a public sector borrowing requirement equivalent to 14 per cent of GNP this year is proving a staggering burden. Both economically and in the language issue, Belgians are paying for past sins of omission.

THE MIDDLE EAST

Hints, hopes and hazards

By Roger Matthews

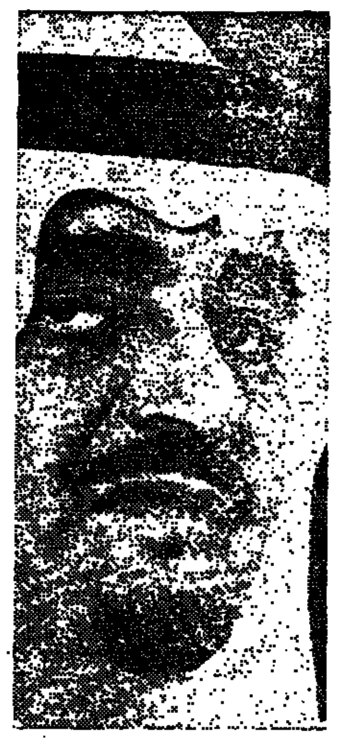
SAUDI ARABIA'S eight-point peace plan for the Middle East, launched in August, attracted little favourable attention until President Anwar Sadat was murdered. In the month since then it has become the critical ingredient for carrying forward the European initiative: the main focus of the next Arab summit on November 25; a formula for the liquidation of Israel according to Mr Menahem Begin: and a scheme in which the U.S., having dismissed it originally as "nothing new," suddenly found "positive aspects."

Indeed, there was little positively new in the Saudi plan. What was new was that Mr Sadat's death threatened western interests in the Middle East and, more specifically, the peace process which he sponsored.

Crown Prince Fahd's proposals are similar to those made by Mr Sadat in his address to the Israeli Knesset nearly four years ago. They are essentially an amplification of United Nations resolutions 242 and 338, extended to take account of Palestinian demands for their own state on land which was occupied by Israel in 1967. But they do contain the important statement that Saudi Arabia, like Egypt before it, is ready to concede the right of all states in the region to live in peace.

Lord Carrington, the British Foreign Secretary, described this on his return from Riyadh last week as a "really radical departure from published Arab thinking. It shows a will on the part of the Saudis and of moderate Arabs to negotiate a peaceful settlement, which 10 years ago was really not the case."

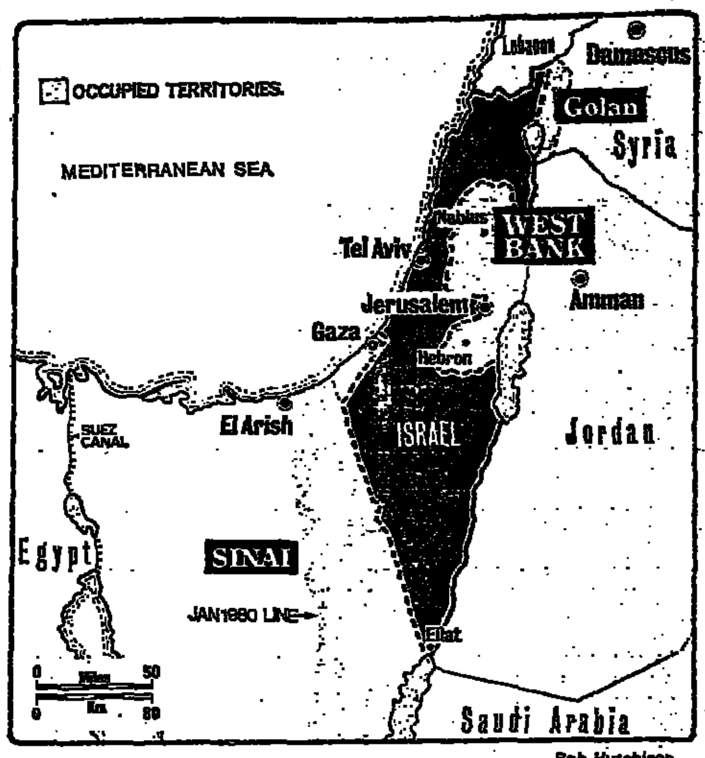
The Foreign Secretary also considered that a press conference given on Thursday by Prince Saud al-Feisal, his Saudi opposite number, "shows there is a willingness to recognise the state of Israel after the peace process is completed." For Lord Carrington this was a sign of genuine movement in the Arab world.



Crown Prince Fahd

THE SAUDI PEACE PLAN

- *Israel to withdraw from* all Arab territory occupied in 1967, including Arab Jerusalem.
- Israeli settlements built on Arab land after 1967 to be dismantled.
- A guarantee of *freedom of* worship for all religions in holy places.
- An affirmation of the right of the Palestinian Arab people to return to their homes, and compensation for those who *do not wish to return.*
- The West Bank and the Gaza Strip to have a transitional period under the auspices of the United Nations for a period not exceeding several months.
- An independent Palestinian state should be set up with Jerusalem as its capital.
- All states in the region should be *able* to live in peace.
- The UN or member-states of the UN to guarantee carrying-out of these principles.



Bob Hutchison

In his qualified enthusiasm for the Saudi plan, Lord Carrington has gone too fast for the Americans who are still trying to adjust to Mr Sadat's death. The U.S., Israel and Egypt already have their own agreement, reached at Camp David. One part of it—the return of all Sinai to Egypt—is due to be completed on April 25, 1982, and if anything was allowed to interrupt that process it could set back the cause of peace by a generation.

Washington considers it vital that Israel should not be given any pretext for refusing to meet the deadline, particularly after the long and bitter battle over the sale of Awacs radar aircraft to Saudi Arabia. Egypt's President Hosni Mubarak has tried his best to reassure Israel, although nothing can disguise his intention to secure a reconciliation with at least the moderates in the Arab world later next year.

The one outstanding issue is the composition of the multinational force to police the Sinai border after Israel pulls out. The Europeans have indicated their willingness to participate, but Mr Begin says he will veto them if, in the terms of the agreement, there is mention of any document other than those relating to Camp David. He fears the Europeans will try to sneak in a reference to their own 1980 EEC Venice declaration which virtually calls for the creation of a Palestinian state.

The Saudis and the Palestinians have urged Europe not to get involved with the Camp David agreements, but they will temper their opposition if there is parallel movement towards a new format for negotiating the future of the occupied West Bank and Gaza.

This is what the current flood of diplomatic exchange is all about. Part two of Camp David dealing with Palestinian autonomy has made no significant progress and is unlikely to do so before April, or indeed afterwards. Should this empty process be allowed to continue beyond April there is anxiety that Arab populations will become increasingly radicalised and that the sort of extremist actions which cut down Mr Sadat will threaten other moderates.

The American and European nightmare is that it could occur in Saudi Arabia. Quite apart from any debate over the justice of the Palestinian cause, the risk that embittered Palestinians pose is for great[...] for some Arab countries than[...] ever will be for Israel.

Therefore a new formula [...] needed which will allow [...] Yasser Arafat, the chairman [...] the PLO, to demonstrate th[...] his concentration on diploma[...] during the past two years m[...] bear fruit beyond what he [...] been able to garner recently [...] Moscow, Tokyo and Athens.

The Europeans want [...] Arafat to bend more. Lo[...] Carrington is urging him [...] find a formula of words wh[...] would indicate the PL[...] willingness to live in pe[...] alongside Israel if it e[...] achieved statehood.

Should Mr Arafat take t[...] step he will be living even m[...] dangerously than he does n[...] The Syrian regime derives p[...] of its Arab legitimacy from [...] espousal of the Palestin[...] cause and, through its la[...] military presence in Lebar[...] exercises some patronage o[...] the PLO. The Syrians, al[...] with other hardline states, h[...] rejected the Saudi plan beca[...] it smacks of Sadat-like u[...] lateral action. Mr Arafat ha[...] least partially welcomed [...] plan. The Syrians also hav[...] treaty with Moscow and it [...] questionable whether [...] Russians believe it is in th[...] interest for there to be a Mic[...] East settlement.

The Saudis may be parti[...] successful at the Arab sum[...] in buying off some Arab opp[...] tion and acquiring additi[...] protection for Mr Arafat. [...] without clearer backing [...] Crown Prince Fahd's propo[...] from Washington, quite a[...] from that offered by the E[...] there is a limit to what Sa[...] Arabia is willing to atte[...] And this catalogue of h[...] hopes and hazards only [...] meaning if it is thought th[...] more or less united Arab [...] to negotiate will ever d[...] Israel into direct talks.

Why Israel will not budge on the West Bank

By David Lennon in Tel Aviv

ISRAEL'S TOTAL rejection of the eight-point Saudi peace proposals and the reiteration of its rejection of Europe's Venice declaration should have come as no surprise to anyone familiar with the policy of the government of Mr Menahem Begin towards the West Bank and Gaza Strip.

Essentially all these peace plans, and others likely to emerge in the future, relate to resolving the Palestinian issue. At their heart they all envisage the creation of a Palestinian state in the West Bank and Gaza Strip following an Israeli withdrawal from these territories captured in the 1967 Middle East war.

But this is something which the Begin Government will not even consider. In this it has the support not only of the 61 Knesset members of the ruling coalition but also of a sizeable number of the members from the opposition Labour Party. The Government's policy has not been affected by the death of President Sadat, though it may have pushed a few more Israelis into acceptance of the Government's stance.

The death of President Sadat, has led some Israelis to question the wisdom of making the final withdrawal from Sinai next April. They fear that Egypt's policy towards Israel may change with the disappearance of the architect of peace, and have been calling on Labour to join in a national unity government.

However, Mr Begin has made it clear that as long as Egypt continues to fulfil its obligations under the peace treaty, Israel for its part would also comply. This means that, barring any drastic change in Egyptian policy towards Israel in the next six months, the final handover should take place as scheduled.

While the opponents of the peace treaty in Israel argue that this is too risky, those who understand the conditions under which Egypt is regaining the Sinai Peninsula know that the risk is far smaller than might appear from a casual glance at the map of the region.

Israel's long and arduous negotiations with Egypt produced arrangements in Sinai which strictly limit the armaments which Egypt can introduce to the peninsular. In effect, if Egypt were to wish to attack Israel, it would have to start that attack from west of the Suez Canal. The time it would take to cross the desert would give Israel adequate time to prepare to meet the threat.

As General Rafael Eitan, the chief of staff, reiterated over the weekend: "We assume that there will not be a war on the Egyptian front and there are also guarantees to that in the demilitarised zones, in the multinational force and in the daily contacts developing between Egypt and Israel." General Eitan added that this would enable Israel to reduce its deployment on the Egyptian front and free forces for the eastern front.

Today it is the unbridled hostility of the countries to its east, especially Syria, which most concerns Israel. The support of Saudi Arabia for these opponents of peace—especially the PLO—lies behind the knee-jerk reaction of Jerusalem to any proposals eminating from Riyadh.

Ever since his election in 1977, Mr Begin has made it clear that he regards the West Bank and Gaza Strip as part of the historical land of Israel promised to the Jews by God. The Premier has poured hundreds of millions of pounds into a major programme to settle Jews all over the West Bank and not just in the "security" locations chosen by previous Labour Governments to build settlements.

In addition to divine right, Israel also has a security argument for not giving up the West Bank for the creation of a potentially hostile Palestinian state. The pre-1967 western borner of the West Bank lay only nine to 11 miles from the Mediterranean. This meant that Israel's densely populated coastal plain had no defensive hinterland and theoretically the country could be easily cut in two by an Arab thrust towards the sea.

Not believing that the Palestinians — and especially the PLO — would be content with a mini-state Israel considers a recreation of the pre-1967 borders would be placing severe temptation in the way of the Palestinians to try to capture more territory.

The only concession which Israel is prepared to make to the 1.3m Palestinians living in the occupied territories is to grant them autonomy under Israeli rule. But negotiations with Egypt on this have failed to produce any agreement because Israel means only to let the Palestinians run their local affairs, while Egypt wants to create a framework which could eventually develop into an independent government.

The Palestinians have reje[...] any sort of autonomy, belie[...] that it would simply con[...] Israeli control over them.

As Mr Begin is fond of iterating: "Israel may b[...] small nation but it is 50 per [...] of any agreement between [...] people and the other peopl[...] the region." So it does [...] matter how many plans are [...] forward by the Saudis, [...] Europeans or anybody [...] they have no chance of succ[...] ing in budging Israel from [...] West Bank.

It is frequently argued [...] only American pressure c[...] move Israel on this issue, [...] even if Washington did thre[...] to cut off all aid and sup[...] for Israel, it is far from cer[...] that this would dislodge [...] Israeli nation which w[...] prefer to return to the h[...] ships of the pioneering [...] than to risk what it beli[...] could be the first step to annihilation.

Men & Matters

Hostage at Imps

So. Farewell, then, Howard B. Johnson. The man who sold to Imperial Group for $630m the motel chain which bears his name has decided to "play a less active role in the company's affairs." He will, in other words, relinquish the jobs of chairman, president and chief executive of the Howard Johnson Company—"HoJo"—at New Year. He was kept off the Imps parent board by New York licensing technicalities. Johnson retains a consultancy contract—fee undisclosed—to June 1985, but takes no severance payment.

Of course, one leaps to conclusions. Could the "hand-on" style of new Imps chairman Geoffrey Kent have any bearing on the matter? Not so, says Imps. At the time of the acquisition, Johnson "indicated that for his part he wished to stay on as chairman, president and chief executive of Howard Johnson's." Yes, we got that. What was less well-known was that Johnson "did, however, indicate that at a time to be mutually agreed he would wish to concentrate his efforts on his own family interests and his other interests outside the company."

But any connection with the Kent succession, though, I asked Sir Robin Haydon, former No. 10 spokesman and now Imps' director of group public affairs? "Not a direct one." An indirect one? "No."

HoJo made £2.4m profit in the first half of Imps last financial year—but ended up £10m in the red after financing costs. It is a seasonal business, and the result for the second half, which ended last month, is expected to be markedly better.

To take over from Johnson, Imps has bought itself a baker. Michael Hostage comes, not from Iran, but from ITT, where he has been president and chief executive officer of ITT Continental Baking. Hostage started work as a Cornell graduate with Proctor and Gamble, before moving on to Marriott where he rose to become vice-president for restaurant operations. Since he is married with ten children, I will take the liberty of describing him as "a family man."

Measured tones

A friend in Aberdeen who had just moved house decided to do the sociable thing and invite his next-door neighbour round, early one evening. "Will you have tea, or perhaps a whisky?" asked the host. "Och, I'll have a drop of whisky," came the reply, ". . . while ye be making the tea."

Top note

With the Government still struggling to stem the declining value of our money, it is good to see the Bank of England adopting a tougher stand against the debasement of sterling.

The Old Lady's revised rules on the reproduction of banknotes in advertisements—which follow the passing this year of the Forgery and Counterfeiting Act—state quite firmly: "Designs which might be seen by the public as lowering the dignity or prestige of the currency will not be permitted."

Backed by the law of copyright as well as counterfeiting, the Bank is clearly taking a Thatcher-like no-nonsense attitude towards any suggestions for printing more money or anything like it.

It would feel obliged, it says, to refuse permission for any reproduction which "although in itself apparently harmless might encourage others to produce dangerous imitations." It would insist on the obliteration of the "promise to pay"; and on showing notes "at an oblique angle of perspective and. . . appreciably curled or otherwise distorted."

Publishers and advertisers thinking of sending a rough sketch of their ideas to the Bank for approval should think again. The Old Lady's legal advice is that such a move would itself be an offence.

Simple interest

Chaps a bit new to the City and wondering what the gilts market is all about might do well to cut their teeth on the latest technical comment from Buckmaster and Moore's gilts analysts. Take Exchequer 15 per cent 1997:

"The news background will have to continue to develop favourably to persuade institutional investors to part with their precious cash balances and buy the remainder of the tap. . . . A factor which would help the sale of this stock is if it could be called cheap."

And if it could be called "expensive"? . . . no, go on, work that out for yourself.

Tap stock

It must be all those spy stories. How else can you explain the paranoiac demand for 10,000 anti-telephone tapping devices in less than a fortnight?

"It's incredible," says Rod Tringham, managing director of X-Tel Products, the small St. Albans-based family company that developed the Phonalert bugging detector as a sideline to its main engineering business. "We thought we would be lucky to sell the first batch of 10,000 in a year, let alone two weeks. What's more, we haven't even advertised it yet."

Tringham was so astonished by the numbers who had heard of his new device and wanted to buy it that he began to wonder whether his own phone had been tapped. But he has got over the shock now—the Phonalert has been patented and X-Tel is busy making the next 10,000.

The small flat disc of electronics, little larger than a 50p piece, fits into the mouthpiece of any standard telephone, and warns with a bright red light if anyone is eavesdropping on the conversation. It sells for just under £20 and if the initial demand is anything to go by, Tringham reckons the potential market could be worth up to £2m.

Who is buying them, then? "All sorts of people—and so far, nearly all British," Tringham tells me. Businessmen, lawyers and politicians are among his customers. "It's now so easy to tap telephones. Kids can do it with those junior electronic kits you can buy from department stores," he says.

"I can't find the correct way to fire a managing director!"

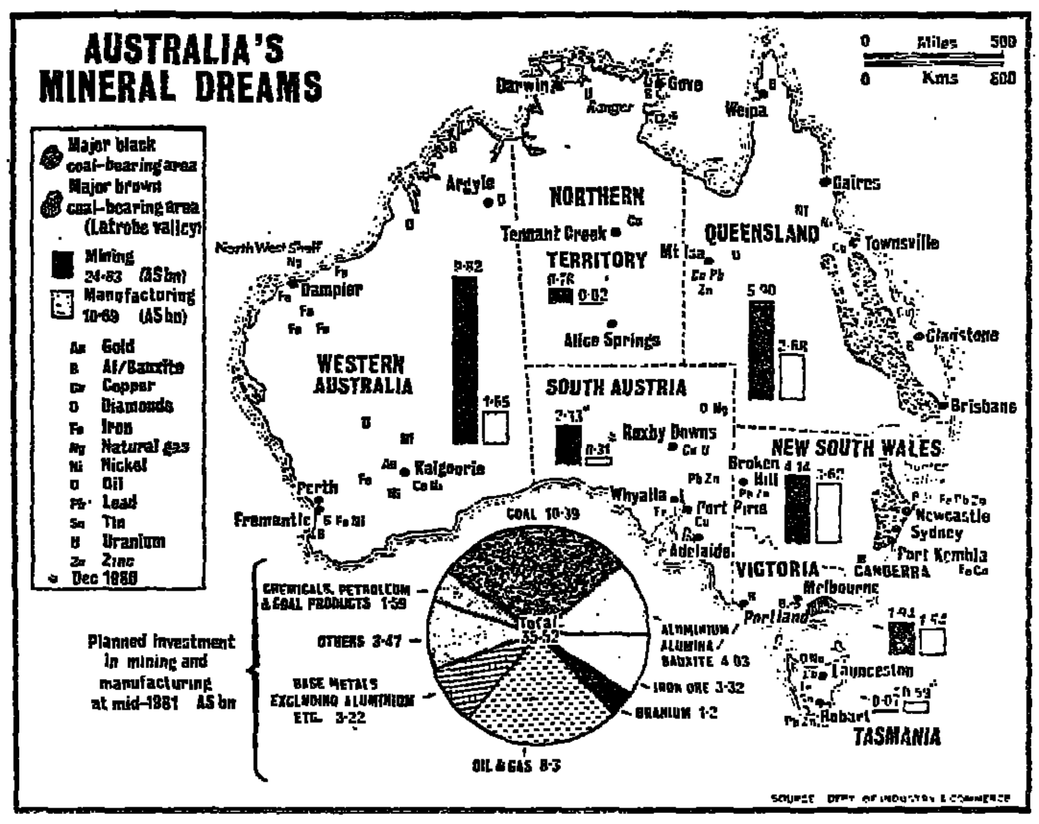
Observer

FINANCIAL TIMES SURVEY

Tuesday November 10 1981

Australia

Australia is carving out a position as one of the world's major energy exporters. The Australians seem unlikely to let the investment boom slip through their fingers, as happened last time, a decade ago. But strains are showing and the country has yet to prove it can move fast enough to make the best of its restored luck.



The map shows Australia's stock of 366 major mining and manufacturing projects at the "committed" and final feasibility stages. The stock had risen to A$35.5bn by June 1981, one-quarter of GDP, preliminary plans exist for a further 313 projects, value A$79.9bn. Officials readily admit projects may slip

Magnet for foreign investors

By David Tonge

AUSTRALIA HAS coasted into the 1980s on the crest of a wave. Its resource investment *boom continues unabated and* the country is set to become one of the world's major suppliers of energy — in coal, uranium, natural gas and the "congealed electricity" represented by aluminium. Already Australians have a standard of life which makes the visiting Europeans wonder what went wrong back at home. Yet the question remains of how well Australia will handle its luck.

The problem is the very one which many of the foreign *investors flocking to the country* consider its virtue—that Australia is solid and established. In the International arena it has become increasingly sure of itself, a middle power that has come of age, knowing its importance in the Pacific and in matters such as food and energy. At home it *has political stability*, an established industrial and financial base and a highly educated workforce.

But with these traditions come others. Its industry, separated by the tyranny of distance from foreign markets, relies largely on protectionism to sell in the inevitably limited market that Australia's 14.7m population can provide. Its labour movement has long proved one of the most militant in the West, insisting on a wage parity *which impedes realloca*tion of resources and opens the way to what Australians call the "Dutch disease"—when wage increases in the *new field of energy spread* across the board. Australia has traditionally been tough on allowing in foreign workers and there is no ready supply of cheap labour. A six-year-old pay policy collapsed in July.

Thus each time the economy begins to grow the Government feels compelled to reach for *the icebucket. It now talks* of "constraint" and of spreading out the investment boom.

The result is that the biggest bonanza in Australia's history does not mean that it is about to take on the growth rates of the newly instrialising coun*tries elsewhere on the Pacific* rim such as Hong Kong, Singapore or South Korea.

But it does open the way for decades of solid growth in a country which is already a relative haven of prosperity—provided the Australians can overcome the continuing problems in dealing with their labour force, an issue, particularly affecting the future of coal *exports. Equally, a number of* major projects are affected by the current difficulties of the world aluminium market. "Their problem is how *to make a colour television* work on their speedboat," one envious observer commented. Life for most Australians is extraordinarily pleasant in a land *ranging from the "Scotland* with gum trees" of Tasmania to the coral tropic of Queensland. Though stretching over the equivalent of the distance from Dublin to Moscow it is a country with as high a proportion of its population living in cities as Britain or Hong Kong.

Bright prospects

Few Australians venture much into the great fly-blown dusty outback, but even this has its surprises. The successful *mining town of Mount Isa*, for instance, proves to be spacious and lush with man-made lakes for wind-surfing.

The continuing flourishing of the arts is seen in the evergrowing range of books written by and for Australians, in the quality of ceramics at suburban shopping centres, the architecture of Sydney, and the first-class cinema whose latest successes include **Breaker Morant**, a story from the Boer War, and **Gallipoli**.

"A people second to none in their opinion of themselves," wrote Trollope of the Australians in 1870. But what is often seen abroad as brashness *at home is merely the open and* direct approach expected in a relatively egalitarian society.

Yet it is also a society which is beginning to wonder what happened to the promise with which the 1970s began. Unemployment is around six per cent. Public health and education are facing continuing cuts in govern*ment funds. The plight of the* aborigines is manifest. Power shortages have surfaced. Interest rates are high with the squeeze on cheap mortgages forcing many Australians to the banks where credit for the houses they believe their right will cost them interest of around 24 per cent.

Fiscal drag and the retreat from indexation of taxes mean that the wage earner is charged an ever-increasing proportion of his income; tax avoidance seems a growth industry among the very rich. The social structure is arguably becoming more divided.

The rate of inflation is now *9 per cent, and its growth* was 2.9 per cent in the year to June, though was 4 per cent if the drought-ridden farm sector is excluded. The just society with its expectations of a "fair go" is increasingly giving way to the harsher climes of the neo-conservatism of the present Government. Mr Malcolm Fraser, the Liberal Party leader, changed the tone of political debate in Australia in the 1970s with his abandonment of the Keynesianism practiced by previous post-war governments hand his attack on big government and bureaucracy. Sympathy for the unemployed became progressively overtaken by *criticism of "dole-bludgers."*

Today he faces no credible challenge from his own party—and this despite his own aloof patrician image in a country which tends to cut down "tall poppies" and despite a series of alleged scandals involving *some of his Ministers.*

He produced a convincing election victory a year ago and does not have to face the electorate again until October *1983. For the time being the* Australian aLbor Party shows little sign of being able to alter *this time-table. It has been* slow in overcoming the trauma *of how Mr Gough Whitlam fell* from office in 1975, but it has to some extent put behind it the charge that it does not know how to run the economy.

Programme

The programme quietly articulated by its leader Mr Bill Hayden centres round the institution of a resources rent tax, designed to ensure that the Australians themselves benefit from the mineral boom taking place in their country.

On this issue Labor had had success, for one of the debates of the moment is over ensuring that Australians are not sold *short by the foreign companies* controlling up to 60 per cent of sectors such as aluminium. The debate is evident in states like Queensland where companies are finding the open door policy of the past has been replaced by demands for a balance of advantage. *It has* also surfaced in Canberra, where the Federal Treasury made a striking though unsuccessful attempt to *persuade Shell to follow* Caltex's example and halve its 50 per cent holding in its local subsidiary.

A second major debate is over the balance to be struck between the frontier states of Queensland and Western *Australia, where 57 per cent of* today's resource investments are located, and the rest of the

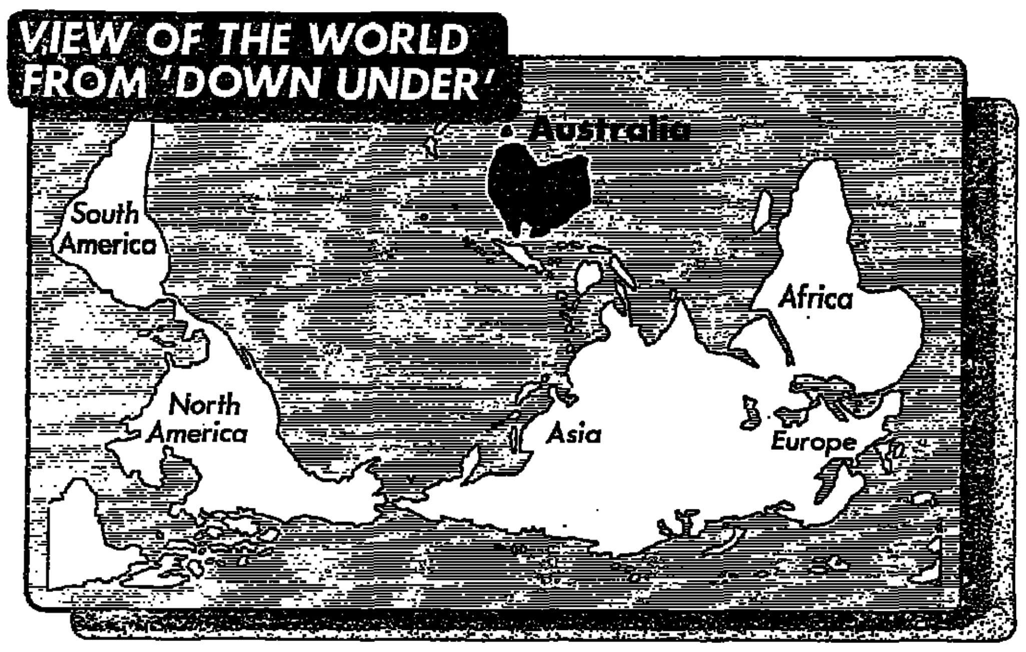
CONTINUED ON NEXT PAGE

CONTENTS

● A selection of Australian company reports is published on today's International Company News Page.

● This survey was written by David Tonge and Patricia Newby (*Canberra Correspondent*), with Colin Chapman, Ray Bashford and Graeme Albertson in Sydney; Athol Thomas in Perth and Stewart Cockburn in Adelaide. Graphics by Chris Walker, Graham Lever and Erana Radovic.

AUSTRALIA II



Some Australians tend to be sensitive about the barrage of "down under" jokes — with the implication from northern nations that the height of a country's prestige is determined by its location on a conventional map of the world. Now at least one Australian map-maker has produced a map along the lines of the one above, as "the first step in a long overdue crusade to elevate our neglected nation to its rightful position . . . towering over its northern neighbours"

Magnet for foreign investors

CONTINUED FROM PREVIOUS PAGE

country. In other words, how are the suburbs of Melbourne in the south to benefit from the coal mines under Queensland's Darling Downs and the iron ore and natural gas of the far [illegible]

Already this is leading to a bitter battle between the states and to attacks on the Government when it tries to hold the ring. "No state government will be told by Canberra if it can compete for development or not." Sir Charles Court, the forceful Premier of Western Australia, said recently. He warned the Federal involvement meant the death sentence for initative. He accused the Australian Government for creating "cargo-cult expectations" from the resource boom.

The third major debate is about striking a new balance between the three legs of the Australian tripod—agriculture, which still provides one-third of exports: manufacturing, which accounts for 1.2m jobs, and the expanding minerals sector. It is here one comes back to the issue of protectionism. Resources must be reallocated between the sectors and the country opened up to imports if it is to absorb the capital inflow without allowing inflation to soar or the foreign exchange rate to rise so far as to threaten the country's exports of agricultural goods and minerals themselves.

In all this Mr Fraser's own pace is slow. This is not perhaps surprising given the pressures he is under—the need for elections every three years, the strength of Australia's lobbyists and the importance of keeping individual states sweet. Equally, he himself is often far less decisive at home than the image he presents to the outside world—and to the 40 countries whom he hosted so successfully at the Commonwealth Summit a month ago.

It is this expectation that he will continue to allow Australia to be swaddled in the policies of the past which underlies the more gloomy forecasts of the country's future. The most striking of these forecasts is that with which the influential Australian economic journalist Max Walsh concludes his book, the Poor Little Rich Country: "Australia will be enormously handicapped through the eighties despite its wealth of natural endowments. It will be a willing quarry for the rest of the world but little more than that. Far from being the hub of a prospering region, it will be a quaint, provincial outpost with many of the external trappings of materialistic success. It will be a land where the rich do get richer and poor more numerous and poorer. It will be a country on the verge of losing its democratic values."

Yet the chances are that *willy-nilly* the size of the investment boom will force on Australia some of the adjustments necessary. The country is increasingly obliged to take account of the demands of the international money and commodity markets. Traditionally its exports have accounted for a lower share of GDP than in most industrialised countries. Changes are already showing up in banking. Where protection is concerned there has been a change in the Government's rhetoric and signs of a willingness to look again at sectors such as textiles and clothing.

These constitute only a small initial step in the direction towards which the country is being pushed. But in general the omens are good. One of the reasons why the boom of 10 years ago ended with a whimper was that many investors were looking for a quick profit from share trading. Today many of the oil majors and the world's larger companies are committing themselves to meeting man's energy needs of tomorrow. The wave Australia is riding may grow smaller but it should surge on.

David Tonge examines the changes in Australia's foreign policy

Alliance with U.S. is redefined

MR MALCOLM FRASER, Australia's Prime Minister, gave a performance at last month's Commonwealth heads of government meeting in Melbourne which should have won him a place at the recent North-South summit in Mexico. He had little to gain at home from the support he gave to the Third World on development issues and to the Africans over Namibia, but he was almost evangelical in his approach.

It was a strange stand for a patrician sheepfarmer who leads a party representing propertied interests. It led some of his critics to contrast the tough Conservative policies of the Reagan and Thatcher type which he follows at home with his support for the underdog abroad. Yet there is no doubting the sincerity with which Mr Fraser is committed to the causes he articulated and to leading Australia on "a visionary odyssy," as the influential Financial Review described it.

"He wants to raise Australia's horizons in the 1980s in the same way that Lester Pearson raised Canada's in the 1950s," one of his friends comments.

Differences

The lynchpin of Australian foreign policy remains its aliance with the U.S., but this has now been redefined. The days are past when Liberal Governments would fight to prove they had no disagreements with Washington. On the contrary, today, as Mr Tony Street, the Foreign Minister says: "Differences must exist in an alliance between powers of a very different magnitude. Far from being peculiar to the Australian-American relationship, it is entirely normal."

Today, of course, it would be hard to argue otherwise. Differences range from how to handle the heartland of Australia's concerns, South-East Asia, to the bread and butter issues of trade. Kampuchea seems more important to many Australians than Afghanistan, and Canberra has bucked Washington by withdrawing recognition from the "repugnant" regime of Pol Pot. It is fighting the U.S. Congress over a Bill which would hinder its annual A$900m beef exports to the U.S.—following the "slaughtergate" scandal when kangaroo meat was found in the exports. It is quarrelling with the U.S. over attempts to subject Australian uranium companies to U.S. anti-trust legislation. And it stands opposed to a number of U.S. policies such as the block to the UN Law of the Sea.

Its new philosophy is that it is a "middle power," with its own interests separate from those of its allies, important in the Pacific region and in matters of food and energy.

Seen in this light, Mr Fraser's personal commitment to the Third World is underpinned by three wider factors. The first is the shift of Australia's trade patterns so that half its exports now go to Asia and the problems it shares with other southern countries in selling its minerals and foodstuffs in the often protected markets of the industrialised northern hemisphere.

The second is the extent to which, when Australians do think of countries abroad, they apply the same egalitarian ideals they take for granted at home. Easy alliances with convenient dictators are not welcomed. However much the Government would have liked to appease its friends in South-East Asia by continuing recognition for Pol Pot, domestic pressures *would not* allow it.

The third factor is the growth of Australia's links with the often small countries in its area. It wants *good* relations with them and has taken on board their concerns. It also believes that an impoverished Third World is an unstable Third World which threatens Australia's strategic interests.

In the case of Indonesia these factors cut across each other to the extent that relations with Djakarta are perhaps the most sensitive issue facing Canberra. Indonesia's size, proximity to Australia and position across many of Australia's shipping lanes make good relations important.

But Indonesia's invasion of East Timor and continuing reports of atrocities and genocide are a living issue Down Under. "It is time Australia stopped playing the role of Pontius Pilate. It is time we spoke up as loudly on nearby Indonesian colonialism as we do on the misdeeds of the distant Soviets and South Africans," wrote the Australian last month.

Indonesia's authoritarian Government and the unexplained killing of five Australian journalists in 1975 combine to explain popular hostility to Djakarta—and intense interest in revelations that Governments of both major parties had indicated to the Indonesians that they would not oppose their invasion.

A number of other specks on Europeans' maps are headlines in the local Press. Vanuatu makes the front page and Australian diplomats look on with anxiety at the dispute over independence for French-controlled, nickel-rich New Caledonia. "We have to ride both horses there," is the Australian view.

Responsibilities

Diplomats also do what they can to head off Soviet offers of hydroponic help to the Solomon Islands or Libyan offers of aid to Tonga. Most of Australia's economic and military aid goes to Papua-New Guinea, where Australia has historic responsibilities, and to the remote islands spread out over the vastness of the Pacific.

It is all a change from the Empire-minded days when Sir Robert Menzies, Liberal Prime Minister from 1949 to 1966 would take an annual boat trip to Britain and virtually refuse to go elsewhere. Where developing countries are concerned, concrete progress has been made such as the creation of the Australian Centre of International Research, a statutory body to help poor countries feed themselves.

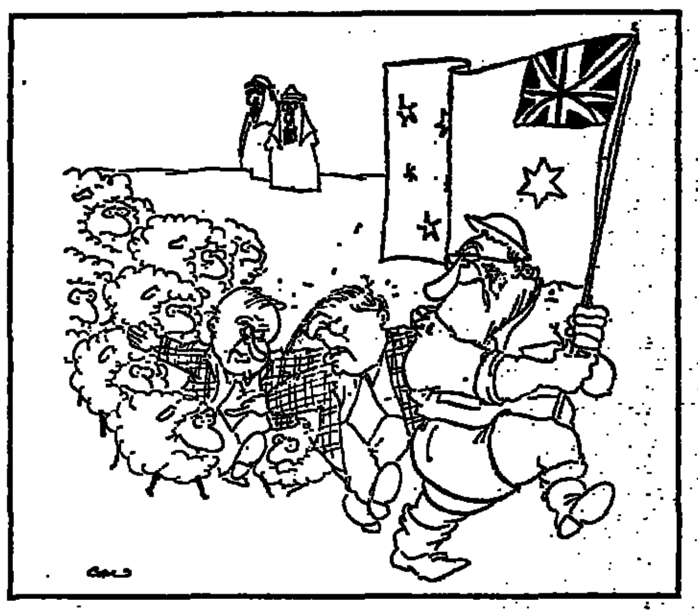
But inevitably the rhetorie of the Government runs ahead of reality. Levels of official development aid are running far below the 0.59 per cent of GNP achieved a decade ago. Despite a recent increase in the current fiscal year the target is for A$662.3m to be spent, 0.45 per cent of GNP.

Furthermore, Australia's own record on protection is none to good, in particular where manufactured imports are concerned. To this extent the emperor is "remarkably unclothed," as Mr John Stone, the outspoken Permanent Secretary of the Treasury, wrote in a memorandum earlier this year. Equally, the attention paid to the plight of the blacks in South Africa contrasts with the measures on behalf of Aborigines which Governments in Canberra are able to persuade the states of Australia to apply.

The opposition has been emphasising such points and calling for more actual help to the Third World. On this matte[r it] outflanks the Government [more] than it does on relations [with] the U.S. Earlier this year [Mr] Lionel Bowen, the Opposi[tion] spokesman on foreign aff[airs] insisted: "It is quite wrong [for] us to be always following [the] U.S. ship, no matter who [the] captain is or what course [it] takes."

Since then a reluc[tant] Government has condition[ally] agreed to despatch Austra[lian] troops to join the U.S.-sponsor[ed] peacekeeping force in the Si[nai]. In fairness this is less a com[mit]ment to a fresh Vietna[m—] Australia lost 450 dead th[ere] fighting alongside the U.S. than an exercise similar to despatch of troops to join UN forces in Cyprus.

But it has underlined [the] Government's need to ans[wer] the question asked by one ne[ws]paper recently as to where [on] earth the Government think[s it] is leading Australia in [the] 1980s. For at the moment th[ere] is something of a con[trast] between Mr Fraser's comm[it]ment to the Third World [and] his warm words to Presid[ent] Reagan that Australia's r[ela]tions with the U.S. are "b[ased] on the bedrock of mu[tual] interest."



TRADE FOLLOWS THE FLAG: Australia's conditional decision to send troops to the Sinai, as seen by Cook, cartoonist of the Australian Financial Review. Australia is increasing its mutton exports to the Middle East. Right: Australia's Foreign Minister, Mr Anthony Street.

More signs that economic growth has been slackening

THE ECONOMY

DAVID TONGE

IT IS a strange sight to see the Treasury of one of the most rigorous countries of the West obliged to put together statistics to prove that all is well. But there is a striking contrast between the strength of Australia's investment boom and the anxieties of the country's Government and industry.

The investment boom is real enough, for Australia has entered the 1980s with the energy, food and mineral resources the world needs. It has the cheap coal required by countries like Japan in an era of expensive oil. One state alone, Queensland, has coal seams the size of Britain. It has the bauxite reserves and the energy resources to produce aluminium and by the end of the decade should be the world's largest seller of the metal. It has uranium and diamonds. It has the massive natural gas reserves underpinning the A$5.5bn development of the North West Shelf off Western Australia. After years of slipping down the world's wealth table they once headed, the Australians are again able to say they are in the lucky country.

Prices of agricultural commodities (with the exception of beef) are high. The metal markets may be depressed but most of the main mining companies are sufficiently diversified to be able to wait for tomorrow's upturn and to join in the investment spree today.

The boom on which Australia is coasting into the end of this century shows up clearly in the figures. There is a grandiose total of A$35.5bn of mining and manufacturing projects on the Government's list of committed and final feasibility plans. Of this 29.2 per cent is for coal, 23.4 per cent for oil and gas, 11.3 per cent for aluminium, 9.3 per cent for iron ore and 3.4 per cent for uranium.

Nobody expects all these to become a reality but the stock of projects is rising consistently and well exceeds the share of GDP it represented in the less heady days of 1968 and 1969. In the year to April last A$3.3bn was invested in such projects and non-dwelling construction has been rising at rates over 60 per cent.

Net foreign investment trebled in the the last two fiscal years, reaching A$6.8bn in the year ending June last. It has since continued to rise. Capital inflows in the September quarter are traditionally sluggish but were, at A$1.1bn, 27 per cent up on a year earlier. The latest official surveys show that investment expectations continue to rise.

It is worth stressing these figures because they are emerging against a backcloth of increasing gloom. Economic growth has been slackening. Poor agricultural production, caused by two years' drought helped bring GDP growth, in the year to June, down to 2.9 per cent. In the six months to December, non-farm GDP grew at more than six per cent, but no growth was recorded in the last quarter of the fiscal year with the result that average non-farm GDP growth for the year to June was four per cent.

Output appears to have slackened, although consumer demand remaining high, partly because of relatively cheaper imports as a result of appreciation of the Australian dollar. There are doubts about whether the economy will achieve the 3.5 per cent growth predicted by the Treasury for the fiscal year.

The mining companies have turned in dramatic profit slumps—even if company profits as a whole have been buoyant. Unemployment has begun to edge up again and now affects just under 6 per cent of the labour force. Wage pressure is unabated and average weekly earnings have been rising at 13 per cent, a rate expected to continue. Consumer prices have been rising at around 9 per cent but the Treasury expects the rate to reach nearly 11 per cent.

The money supply has been refusing to fit into the Government's strait-jacket. Broadly defined it has been rising at rates of 2 to 4 per cent above the Government's targets. Interest rates are around 14 to 16 per cent, stock prices high and the balance of payments under pressure.

The sheer size of the capital inflow has been driving up prices for investment goods, raising wage expectations throughout a notoriously difficult labour market and showing up major shortages of geologists and engineers at the very time when government cuts are obliging universities to retrench in these areas. It is also adding to monetary pressures.

In August the Government handed down a deflationary budget which reduced the public sector borrowing requirement from 4 per cent of GDP in the year to June 1981 to 3.2 per cent in the current fiscal year. It is keen to reduce expectations and spread the investment boom out so that it can be better digested.

The Government has also continued a monetary squeeze which has caused the banks to complain of restrictions and industrialists of scarce and expensive funds. A recent letter to the Government by Mr J. E. Dixon, president of the Metal Trades Industry Association (MTIA), lists a series of other complaints causing it to conclude that "the Government has set its face against the preservation and development of manufacturing industry." The MTIA particularly criticises the recent rise in the exchange rate, the Government's call for a general investigation into protectionism and its failure to back employers in dealing with unions.

Companies have blamed such policies for the shelving of projects such as the A$500m ICI plant for PVC raw materials. Another project to go by the way - side — though mainly because today's technology is inadequate — is the A$3bn Rundle oil shale plant in which Esso was involved. That both projects were merely still initial studies has tended to be forgotten as the publicity has seemed to imply that Australia's boom has boomeranged.

Nothing like that is actually happening but a number of the aluminium projects are running into trouble and the perennial labour problems of the country are causing Japan to look more closely at coal purchase contracts. The sense of malaise also reflects the problems that the resource investment boom is causing to the structure of Australia's economy. For a conflict is developing between the new Australia of today's minerals and energy projects and the old Australia of the country's existing industrial base.

The dilemmas posed by the investment boom were spelt out two years ago in a speech by Mr John Stone, the powerful Secretary to the Treasury. He pointed out that the expected capital inflow had to be offset by a current account deficit if inflationary pressures were to be restrained. This in turn implied that Australia must become at least as successful in importing as it is in exporting. One route towards achieving this is to allow the exchange rate to rise, penalising all exporters; another is to reduce protection, putting the burden on the less efficient sectors of the economy.

Investment boom

In a sense the real pressure for change has not yet begun to bite. At this stage of Australia's investment boom the foreign capital inflow into new projects is being partially offset by imports of the capital goods needed by the country's new mines and factories. Only later, as these projects pour their exports on to the markets, will the pressure on the balance of payments become felt.

Already some change in official attitudes is evident though. The Government has reopened the question of the levels of protection given to clothing and footwear by calling the Industries Assistance Commission to look again at these industries in a general review of protection. The industries thought they had fended off an earlier challenge. The Commission is also examining proposals to abolish quotas on car imports and reduce tariffs from the current 57.5 per cent to 35 per cent by 1990. Officials estimate that the level of protection for cars equals A$14,000 per car worker each year.

The farmers have long been complaining at such levels of protection but have tended to be an isolated voice. Mining companies are traditionally secretive and a number of major groups have divided interests. BHP, for instance, wants a strong local car industry to buy its steel but needs a low exchange rate to help its exports of coal, iron ore and manganese. Now states like Queensland and Western Australia are beginning to add their weight to the lobby demanding an end of the featherbedding of the country's south.

The Treasury view is that even the limited Government moves so far are better than the response to the last mineral boom. It believes that eventually the politicians will have to act on protection, however unpopular this will be in manufacturing areas such as Victoria. It also welcomes the way that the "second-class solution" has been allowed this time round—letting the exchange rate rise by 9 per cent in the past year against a trade-weighted currency basket instead of holding it down as occurred in the early 1970s.

But the fact is that the Government has so far dodged the tougher decisions it has to make. In most areas there is a marked contrast between the liberal free market economy propounded by Mr Fraser and his actual practice in office.

One exception is banking. The demands of financing the investment boom have begun to wrench at the 40-year-old system of controls binding the banks. The report of the Campbell Committee into Australia's financial system is due to be published soon and is expected to recommend opening the country to foreign banks.

Last December the Government took its first step towards deregulation when it freed the rates banks could offer on deposits. It has also reduced controls on capital exports. It is reluctant to take the next step, freeing lending rates, at a time when world interest rates are high. But it is gradually moving in that direction, a development underlining how the investment boom is beginning to alter the rules of the game in Australia.

Biggest arms deal in nation's history

DEFENCE

DAVID TONGE

AUSTRALIA'S decision to buy 75 McDonnell-Douglas F/A-18 Hornets launches the country on the biggest arms expenditure in its history. Yet ironically one reason why it is devoting A$2.43bn to the U.S. aircraft is because it does not trust the U.S. to come to its defence

The choice of the multi-role F/A-18 over the F-16 marks the culmination of two major shifts in the country's defence planning. The first is that Australia now bases its strategic thinking on defending Fortress Australia itself and has abandoned its older policy of "forward defence." The earlier policy meant that it would fight in South-East Asia alongside its allies to prevent Communism from "dribbling down the map," as one Australian diplomat put it. Now its aim is to prevent any aggressor from reaching its shores. Here the long-range of the F/A-18 and its ability to attack any invasion armada before it reaches Australia's shores are crucial.

The second shift is that instead of relying on its major allies Australia is emphasising self-reliance. "We saw ourselves as a junior partner to major allies—and gave little if any thought to possible requirements for an independent capability," Commodore P. R. Sinclair, the country's Director of Strategic Planning, has said. Now, he insists, there "is recognition that we Australians must take the primary responsibility for our own security."

The change has been a long and sometimes painful process. In 1963 the U.S. preferred to side with Indonesia rather than Australia in a dispute over West Irian—now part of Indonesia. In 1969 President Nixon announced his Guam doctrine that countries must help themselves. Later the defeat of the U.S. in Vietnam and the withdrawal of most U.S. troops from South-East Asia left Australia increasingly isolated. As Australian officials now underline, the 1951 Anzus treaty between Australia, New Zealand and the U.S. does not commit the U.S. to assist Australia against all threats.

On a political level, all this, along with growing trade with Asia, and increased stability in the pro-Western countries north of Australia has contributed to a changed mood. Governments now accept that their interests may diverge from those of the U.S. and they act accordingly. There has, in other words, been a waning of the once-special relationship. But the implications of the change for defence planning are only now working their way through.

Superficially, the problem for defence planners has been that Australia has been too lucky, that there is no credible threat to its security.

The "value" of a threat was underlined by developments after the Soviet Union invaded Afghanistan. The Fraser Government was able to start a major programme to build up army reserves, step up its military activities in the Indian Ocean with only minimal domestic criticism, and announce a 7 per cent real annual increase in defence spending for each of the next five years to raise it to 3 per cent of GDP. The share of the defence budget spent on equipment is to jump from 15 to 25 per cent.

So far it has fallen slightly short of its spending targets but its 72,000-strong armed forces are now the largest the country has ever had in peacetime.

Yet the very lack of a threat befuddled most defence planning in the 1970s and has contributed in the country developing an "obsolescent structure" —as the influential Strategic and Defence Studies Centre of the Australian National University called it in 1979.

The structure was based on two concepts. The first was the need to keep a core of skills which could be built on to meet any threat which might develop. The second was that Australia should keep up "with the state of the art." But a series of trenchant papers by the Centre and in particular by Dr Desmund Ball, a senior research Fellow, have attacked these concepts for "debilitating inadequacies."

Dr Ball points out that the long time required to build up any "core" means that development will be too late to respond to most threats. He also criticises Australia for spreading its military butter too thinly. Its small Air Force, for instance, flies as many types of aircraft as Britain's does.

It is largely because of such criticism that military thinking has begun to accept the argument put forward by the Centre that any serious threat to the country is bound to involve a sea-borne invasion force. Australia must thus be able to keep such forces away from its huge and remote coastlines.

Though apparently obvious, this simple thesis has major implications for the country's armed forces. It means that expenditure should be concentrated on the Navy and the Air Force. It implies that Australia should develop long-range surveillance capabilities to detect any invaders and a range of submarines, fast attack surface craft and maritime strike planes to sink any invasion force.

The recent decision to purchase the F/A-18 shows that philosophy being put into practice, as does the A$240m plans to purchase 10 Orion P3C long-range maritime patrol craft. But a debate is still going on about whether the navy should purchase a small number of major craft and maintain its ocean-going "blue water" capacity or a larger number of submarines and small fast missile-equipped patrol boats.

Admiral Sir Anthony Synott, the Chief of Defence Force Staff, is among those who are believed to favour replacing the ageing aircraft carrier HMAS Melbourne with three small carriers such as the HMS Invincible which Britain has offered. The Government is considering further modernisation of three guided-missile destroyers.

The domestic outcry against the increased expenditure has been relatively limited. In part, this is because the Government insists that 30 per cent of any arms contract placed abroad be offset with local equipment, meaning jobs at home. It is in part because the Opposition wants Australia to build up its independent defence capability.

But Labor is highly critical of much of President Reagan's foreign policy and has made a particular issue of two factors which it fears could make Australia a nuclear target. The first is the Government's agreement to allow U.S. B-52 bombers to stage at Darwin. The second is the U.S. base at North West Cape; this is used for controlling the American nuclear submarines in the Indian Ocean.

Australia's exporters face a multitude of problems

A difficult year for trade

THESE PAST 12 months have not been easy for Australia's trade. Besides the world recession and downturn in global trade, the country has had its internal problems.

It has been embroiled in individual trade disputes with the EEC and the U.S.: its ports have been subject to continual strikes which have hampered exports; drought reduced the volume of agricultural exports; exporters were faced with an exchange rate appreciation of around 10 per cent.

World prices for some of Australia's main export commodities have been low: uranium exports are still under a union ban; closer economics relations with New Zealand have been deferred for another six months. To cap it all, there was the horse and kangaroo meat substitution scandal which threatened the lucrative beef trade.

A record current account deficit for the September quarter of 1981 of A$2.3bn has also caused some consternation, although the flow of foreign money into the capital account was up 15 per cent on the corresponding quarter of last year.

In the fiscal year to June 30 Australia exported goods worth A$19.2bn, up A$2bn on the year before. Imports increased from A$16.2bn in 1979-80 to just under A$19bn this year.

When invisibles such as shipping and insurance were taken into account the trade deficit in the year to June 30 was A$5.4bn. This was well covered by the record inflow on the capital account of A$6.6bn.

On the international front Australia's dogged pursuit within the General Agreement on Tariffs and Trade (GATT) of complaints against the EEC's policy of exporting sugar produced under subsidy has won the reluctant support of the GATT Council, which has established a working party to monitor the EEC's sugar regime. Australia and other efficient sugar producing countries which have been campaigning against the EEC's sugar policies since 1978 hope international pressure on the EEC will encourage it to end its "rogue" status and join the International Sugar Agreement.

AUSTRALIA'S MAJOR EXPORTS

Figures in A$m; the totals in each case are from July to June each year.

	1979-80	1980-81	% of total 1979-80	% of total 1980-81
Beef	1,312.8	1,113.5	7.0	5.8
Wheat	2,178.1	1,727.1	11.5	9.0
Wool	1,282.6	1,454.2	6.8	7.6
Iron ore	1,076.4	1,117.0	5.7	5.8
Other base metal ores	1,958.5	1,964.7	10.4	10.2
Coal	1,675.0	1,964.7	8.9	10.2
Petroleum products	426.5	500.5	2.3	2.6
Iron and steel	605.5	533.7	3.2	2.8

Source: Australian Department of Trade.

The sugar case will in some respects set the scene for further GATT action by Australia against EEC agricultural exports policy. As the world's biggest beef exporter Australia is planning with Argentina an official complaint against the EEC's policy of exporting beef surpluses produced as a result of Common Agricultural Policy subsidies. The EEC has moved in the space of a few years from a net beef importer to the world's second biggest exporter after Australia.

Representation

The boot was on the other foot, however, when the U.S. earlier this year imposed a 6.81 per cent countervailing duty on imports of Australian lamb, saying that lamb production in Australia was subsidised through publicly-owned abattoirs and promotion by the Department of Trade. Australia was afraid the countervailing duty would be applied to the A$600m beef trade with the U.S., but after vigorous Australian representations to the U.S. Administration, the duty was dropped.

The beef trade, meanwhile, was threatened from another source. In July horse and kangaroo meat were found in shipments to the U.S. of what purported to be prime Australian export beef. A Royal Commission into the substitution racket is under way and meat inspection and export rules have been tightened. Penalties for putting at risk the billion dollar export trade have also been increased from the astonishingly low fine of A$1,000 to A$100,000.

The bright spot in Australia's trading picture remained the Japan-Australia trade axis, although even this has been affected by Australia's poor industrial relations. The Japanese have made it clear they will diversify sources of supply of essential commodities, even if they are more expensive, because of the risk of disruption by Australian strikes.

During the first eight months of this year there was not one strike-free day at Australian ports. Coal-carriers, mostly bound for Japan, had to wait an average of 35 days off Newcastle, one of the country's main coal ports, because of strikes and port congestion. Japanese steel makers estimate they lost A$80m last year because of strikes in Australia.

In the fiscal year 1980-81 Japan acounted for 27.2 per cent of Australia's exports, well above the next biggest market, the U.S., with 11.3 per cent. Japan has also been rapidly gaining on the U.S. as Australia's major source of imports. Japan now accounts for 19.1 per cent compared with America's 22 per cent.

Japan's growth in importance as a supplier of manufactures, particularly motor vehicles, to Australia over the past decade has mostly been at the expe[nse] of the UK. In 1970-71 Brit[ain] accounted for 21.4 per cent [of] Australian imports. Today [it] supplies 8.4 per cent. As [a] customer for Australian goo[ds] Britain has dropped fr[om] 11 per cent in the early 19[70s] to under 4 per cent this year.

In Japan Australia has fou[nd] a replacement for Britain a[s a] complementary economy buyi[ng] raw materials in return [for] manufactured goods. Austra[lia] is Japan's major source of co[al,] buxite, alumina, iron ore, wo[ol,] woodchip, meat and sugar.

Total trade between the t[wo] counties is currently wo[rth] around A$8.8bn. Australi[an] imports from Japan grew [by] more than 20 per cent a ye[ar] during the 1970s and exports [to] Japan at 16 per cent. The[se] figures are likely to be dwarf[ed] in the 1980s, however, [as] Japan becomes Australi[a's] major customer for its vas[tly] expanded coal, uranium a[nd] natural gas output.

Closer to home, Australi[a's] vision of itself as a supplier [of] raw materials to the worksho[ps] of the burgeoning economies [of] its Asian neighbours is co[m]ing closer to reality. Australi[an] exports to South Korea, f[or] example, have grown by [an] average of 49 per cent a ye[ar] for the past decade. Expor[ts] to Indonesia have risen by [an] average of 49 per cent a ye[ar,] to Malaysia by 20 per cent, a[nd] Taiwan by 26 per cent. Au[s]tralia has been conducting [a] series of coal utilisation wor[k]shops in Australia and in Sout[h] East Asian countries as a w[ay] of promoting long-term co[al] deals by offering developi[ng] countries Australian coal tec[h]nology.

The question of closer econo[mic] relations with New Zealar[nd] continues to vex trade officia[ls] on both sides of the Tasma[n] Sea. Free trade between th[e] two countries, scheduled [to] start next year, has bee[n] deferred until at least ear[ly] 1982. Even then the so-calle[d] free trade agreement is like[ly] to be subject to substanti[al] voluntary restraint of expor[ts] from both countries so as not [to] injure less efficient produce[rs] in either.

Patricia Newb[y]

Investment boom continues

IT MAY be fashionable to talk down Australia's so-called "resources boom" but the rhetoric does seem to be substantiated in at least one area. The country is unequivocally in the grip of an investment boom from both internal and external sources. Fixed capital expenditure by businesses within Australia in the fiscal year to June 30 last rose more than 21 per cent and foreign capital rolled into the country at a record level of A$6.6bn—more than two-thirds higher than in 1980-81 and a third higher than the previous record in the late 1970s.

Foreign investment is accepted as vital to the development of Australia's energy and mineral resources and the Treasury's budget strategy is written round the assumption of continued high levels of capital inflow in 1981-82. But the subject is not without controversy.

The Labour Opposition has accused Prime Minister Malcolm Fraser of presiding over a "massive sell-out" of Australians' heritage. A greater acreage of Australian farmland, for example, has been sold to foreigners in the past five years than the total planted annually with wheat. An emotive comparison perhaps, given the importance of wheat to the Australian economy, with earnings of more than A$2bn from exports. But the whole question of foreign ownership is an emotive subject among Australians.

Six-fold increase

According to the Reserve Bank, much of the money coming into Australia is going into the resources sector, but Mr Hugh Morgan, executive director of Western Mining Corporation, notes that the 1980s expansion is more broadly based than the get-rich-quick boom of the 1960s. Foreign investment in manufacturing, for example, has risen six-fold in the past year.

Over the past year, however, there have been indications of a hardening of attitudes towards foreign ownership. The Foreign Investment Review Board (FIRB), the Government's watchdog body, has been under mounting criticism for its allegedly liberal attitude to foreign takeovers of existing Australian businesses. Mr Malcolm Fraser has called for a review of the direction of foreign investment into Australia to see if there are "elements of capital inflow that we would want to adjust."

There have also been warnings by the statae governments of New South Wales and Western Australia that absentee landlords are not welcome investors. The Australian Agricultural Council, which comprises Federal and state Agriculture Ministers, recently called for a register of foreign-owned land following allegations that foreigners are using dummy Australian companies to circumvent foreign investment rules in order to acquire Australian farmland.

FOREIGN INVESTMENT INFLOWS

Figures in A$m of investment in enterprises in Australia by country; excluding undistributed income

	UK	Other EEC cntries.	U.S.	Canada	Japan	Other non-EEC cntries.	Unallocated	Total
1978-79	311	88	554	−6	267	24	—	1,238
1979-80	374	444	359	81	308	327	—	1,894
1980-81	1,211	351	763	33	676	627	721	4,383

Source: Australian Bureau of Statistics.

Probably most significant development, however, was the Government's request in August to Shell Oil that this giant multinational major consider selling a quarter of its Australian operation to local investors.

The flotation, had it taken place, would have been worth around A$500m and have been the biggest the country had seen, dwarfing the A$90m received by Caltex earlier this year when it sold part of its Australian operation to locals.

The Government withdrew its request to Shell after the company argued that its operations were geared to the assumption that the Australian subsidiary would remain wholly owned by Royal Dutch-Shell. But the Government did extract a promise from Shell that it would increase Australian participation in resources projects. Shell undertook to discuss with the Government the best way Australian participation could be increased. Treasurer Howard said in a Press statement: "Shell accepts that Australian participation will be augmented in relation to future projects."

This has been widely interpreted as a signal to foreign and transnational companies wishing to develop Australian resources that the Government is expecting voluntary increases in Australian participation above the 50 per cent required by the foreign investment rules for all new resources projects in the country.

"The Shell affair" left many Australians and the business community puzzled, however. The Opposition accused the Government of an "arbitrary and obsequious approach to foreign investment" and a number of prominent businessmen have called for a clearer definition of Australian foreign investment policy.

At present foreign investment rules state that Government approval will be given for new mining and resources projects only if there is 50 per cent Australian ownership—or 75 per cent in the case of uranium mining.

Total levels of foreign investment in Australia are not known, although it is estimated that roughly a third of industry is foreign-owned — mostly through UK and U.S. parent companies.

Lately there has been mounting pressure from the Opposition and the Government's own backbench for stricter interpretation of the Australian equity rules. In the five years of its operation the FIRB has approved 97 per cent of all proposals for takeovers or new businesses put before it by foreigners. Of the nearly 5,000 proposals approved only 182 were for new businesses; the rest were for takeovers of Australian businesses. Unde[r] the foreign investment guide[]lines all takeovers and new businesses are supposed to hav[e] at least 50 per cent Australian held equity.

In about a third of proposal[s] which come before the FIRB however, the foreign companie[s] involved are allowed to procee[d] without actually having th[e] required Australian equity. They are supposed to acquire the equity but as the FIRB's critics point out there is often no time scale specified and there are no penalties for failure to comply with equity rules in the long run.

The UK was by far the biggest investor in Australian enterprises during the 1980-81 fiscal year, accounting for A$1.2bn of the A$4.4bn identified as having been invested in enterprises. The next biggest investors were the U.S. with A$763m and Japan with A$676m.

P.N.

FORTHRIGHT TREASURY CHIEF

BEFORE THE Melbourne Commonwealth leaders meeting last month, Treasury chief Mr John Stone wrote in a letter to one of the Prime Minister's aides that Australia's policies on North-South issues and its own attitude to protectionism were in danger of leaving "The Australian Emperor remarkably unclothed." The comment was typical of the forthright and sometimes caustic style of the Treasury boss.

Mr John Stone

Mr Stone, although appearing on the surface the traditionally conservative civil servant, shows great political skill in choosing the time and the phrase to capture a headline. He does not seek self-aggrandisement through the Press but uses it because he is a pragmatist who knows that in the long run the only way that needed economic reforms on matters such as tariffs and industrial relations will be achieved is through education. Mr Stone is dedicated to lifting the standard of economic debate in Australia and has made himself available to journalists, businessmen, lobby groups, union leaders, in a way that other civil servants would perhaps do well to imitate.

A speech to the Institute of Management at the end of 1979, the so-called Stone Manifesto, on tariff reform was a linchpin around which anti-protectionist forces were able to gather. Lower tariffs will not be achieved overnight but without Mr Stone's public support one wonders whether there would have been any hope at all for reform. He knows that politicians must bow to the will of the electorate—his job is to see that the electorate is as educated as possible on the consequences of its demands.

Mr Stone is a strong advocate of control of money supply growth, but he is not a doctrinaire monetarist. Most of the time he and the Treasury maintain that the free market works best but they are not against some Government intervention, notably in exchange rate policy and in the Treasury's opposition to opening the currently closed banking system to foreign banks.

Mr Stone has also advocated a resources rent tax on very profitable mining operations, a suggestion which gets short shrift from the Government and from true free marketeers but which is part of the Labour Opposition's platform and very popular with the public.

P.N.

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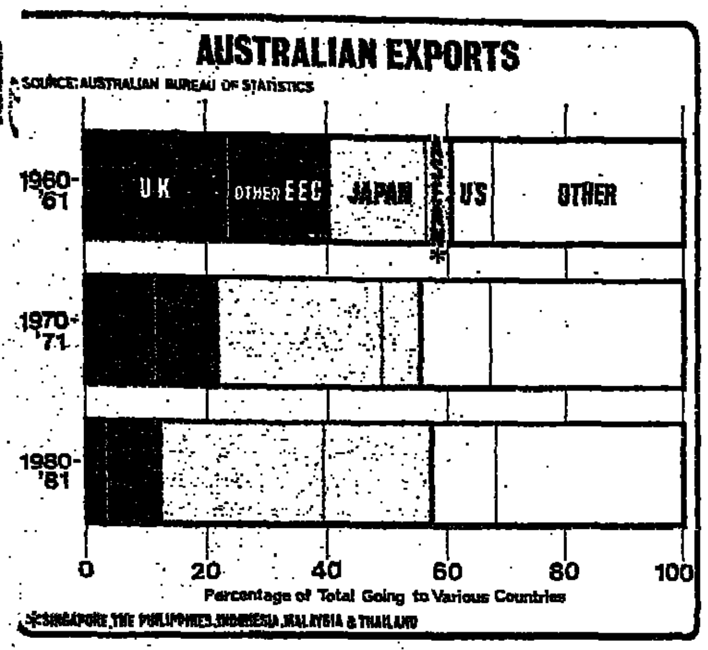


A series of jolts for the banking sector

THE STAID Australian banking establishment has entered the 1980s to the accompaniment of a series of jolts. The demands of the much-heralded minerals boom and the growing need to tap international capital markets are spurring the most radical changes yet seen in its history. A new internationalism pervades Collins Street in Melbourne and Martin Place in Sydney, the rival financial centres of Australia.

As the country's banks seek to expand abroad so are they also preparing for the entry of foreign banks into the long-closed Australian market. The past year has seen some major bank mergers. It has also seen the tangle of 40-year-old controls which ensnare local banks beginning to be picked apart.

Giving a push to the process has been the two-year enquiry of the Campbell Committee into Australia's financial system. The committee was set up by the Federal Government to see how a system which had grown like Topsy could cope with the demands it would have to face in the next few decades. But it has also concentrated on the whole rationale for Government intervention in financial markets.

Deregulation

In theory this should fit in with the Fraser Government's broad commitment to deregulation, though it remains to be seen how far the committee will go. It was headed by Mr Keith Campbell, a prominent Australian businessman, and its full findings are due to be tabled in Parliament later this month.

The banks are looking for radical developments. They object to being one of the main instruments through which the Government seeks to control monetary developments. They argue that while they have to limit growth in the advances they make, other financial bodies are relatively free to eat into the market.

True, their situation has slightly improved in the past year since controls have been reduced on the terms they may offer depositors. Furthermore, they now obtain a more realistic return on the Treasury bills they have to hold as tap rates have been increased. But any conversation with a banker rapidly turns to the competition he faces, in particular from the cash management corporations such as that set up by Hill Samuel, which has attracted A$350m in the past year.

Already the mere establishment of the Campbell inquiry has created a marked change in the Australian banking environment. Early last year, shortly after the committee commenced receiving submission, an increasing flexibility to change became evident within the banking industry. While subtle at first, evidence of this increasing flexibility mounted, culminating in a massive restructuring of the industry. This was achieved through a series of merger and counter-merger offers earlier this year.

At the end of almost two months of hectic in-fighting for superiority within the industry two firm marriage proposals were sealed worth approximately A$2bn. These mergers reduced the number of private trading banks operating in Australia from five to three.

The Commercial Banking Company (CBC) of Sydney (average assets in August A$4.6bn) merged with the National Bank of Australasia (assets A$5.71bn). The resulting grouping will be second in Australia only to that formed after the other merger. This was between the Bank of New South Wales (assets A$8.12bn) and the Commercial Bank of Australia (assets A$3.34bn).

The remaining major national private bank is the Australian and New Zealand Bank (assets A$7.55bn), which lost out in the tussle for control of CBC. There is also the government-controlled Commonwealth Trading Bank (assets A$7.32bn), an arm of the Commonwealth Bank Corporation, and a crop of smaller state banks. The State Bank of New South Wales, the rejuvenated rural bank, recently applied for permission to open a Federal branch office in New York. The major private trading banks have some 30 branches and 20 offices abroad.

Behind the rash of merger attempts was the banks' overriding concern that the Campbell inquiry would clear the way for the international banks to commence trading bank operations in Australia. They argued that mergers would at once eliminate competition from within the industry and allow rationalisation of branch networks, marketing, staff and technology to meet potential international competition.

The banks were also aware that the Federal Government might recommend the issue of further banking licences to local groups. Earlier this year it granted the first new banking licence for 47 years to the Australia Bank, which opened its doors in July.

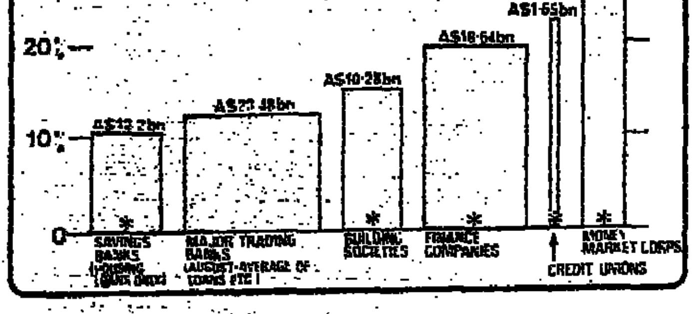
To some extent, however, foreign banks are already a reality in Australia. Though branching is not yet permitted, there are now 90 representative offices of overseas banks in Australia, 17 finance companies and 32 merchant banks or authorised money market dealers which are associated with or fully controlled by foreign banks.

While watching such developments with concern, Australian bankers find a backlash on their operations abroad from the legal restrictions on foreign banks in Australia. Mr Victor Martin, managing director of the commercial Banking Company of Sydney and chairman of the Australian Bankers' Association, tells visitors how his bank has been blocked in its attempts to open a branch in Japan. The Japanese view is that this should not be allowed until Japanese banks have similar rights in Australia. Yet one Japanese bank has a third share in Partnership Pacific, the biggest merchant bank in Australia, and owns 46 per cent of a finance company as well as having a representative office. Mr Martin says that such points are hard to put across in Tokyo so long as the letter of Australian law remains as it is.

If this is one aspect of the new internationalism of Australia's long-swaddled banking industry, another is a growing sense of the importance of financial markets abroad. "I believe Sydney will be the financial centre of the Western Pacific," optimistically comments Mr Jim Keck, a general manager at the Bank of New South Wales.

More immediately, all Australian banks have to look abroad for much of the finance needed for the minerals boom. Inevitably they are finding that size helps when it comes to dealing with the international markets. Mr Martin says that this was one of the crucial factors behind the recent merger of CBC and National.

Ray Bashford



Recent diamond discoveries are the glittering crown on Australia's already vast wealth in natural resources

Prudent rescheduling of mineral projects

A GLITTERING tiara of diamonds for a country already so rich in natural resources seems almost unfair. And yet the recent discovery of the Ashton diamond deposits, in Western Australia, promises this lucky country the chance of becoming the world's most important source of diamonds ahead, even, of South Africa.

Diamonds are the crown on Australia's already vast wealth in natural resources. The country is the world's biggest producer of iron ore, bauxite, alumina, and titanium and one of the world's biggest exporters of coal. It is a significant producer of nickel, lead, zinc, copper, manganese and tin, not to mention gold, silver, opals and sapphires.

Australia has 15 per cent of the western world's easily recoverable uranium and vast reserves of natural gas. It is two-thirds self-sufficient in oil with good prospects for further discoveries not counting the already identified vast fields of shale oil in northern Australia. Nature's own fuel, sunshine, is also abundant, making Australia a leader in solar energy research.

The Organisation for Economic Co-operation and Development (OECD) has cited Australia as one of less than half a dozen countries which will be net energy exporters by the end of the 1980s. But whether Australians are maximising the opportunities their abundant natural wealth offers has become a moot point.

A Federal-State Government joint study, published this month, shows that the proportion of Australia's raw materials which are processed within the country is very small, compared with other industrialised countries.

In the case of lead, for example, Australia produces 12 per cent of world output but only 4 per cent of the processed metal. Australia mines 11 per cent of the world's iron ore but produces less than 1 per cent of the pig iron and 1 per cent of the steel.

Output

The joint study said that the value of minerals output as a result of processing could increase by several hundred per cent and export income be increased by as much as 700 per cent. At present, iron ore and other base metals bring in around A$3bn a year in export income.

The report emphasises the employment opportunities generated by minerals processing, compared with the relatively few jobs available in mining. It warns that if Australia is only to maintain its share of world processing of raw materials then a significant expansion of present productive capacity must be initiated, and apart from the aluminium industry, there is no sign of such expansion.

The high level of foreign ownership of Australian resources is cited by economists as a major reason why Australia lags in minerals processing. There is a tendency for multinational corporations to sell Australian raw materials to other parts of the corporate empire for processing in a different country. Australia can lose both through so-called "transfer pricing" where the raw materials are sold within the corporation at artificially low prices and through loss of the value added that would result from processing.

It seems extraordinary that Australia should ship to Japan, for example, vast quantities of bulky, expensive-to-carry raw materials line from ore, bauxite and coking coal for metals fabrication and even the thermal coal and later this decade uranium and natural gas to provide the power for the smelters and blast furnaces when the much-less bulky processed product could be exported from Australia.

This reasoning is behind the vast expansion underway in the aluminium industry. Using Australia's own bauxite and abundant energy supplies, the country will greatly increase its aluminium output during the 1980s, thereby exporting, what is often described as "congealed" or "frozen" electricity.

However, world recession, high interest rates and sluggish world trade are inhibiting the expansion of Australian minerals processing and there have been a series of announcements recently of cuts in mineral processing including:

- Peko-Wallsend's decision to close its copper smelter at Tennant Creek, in the Northern Territory, because of low world prices for the metal.
- Halving of alumina production by Swiss Aluminium (Alusuisse) alumina refinery at Gove, in the Northern Territory.
- Alcan's decision to shelve the planned aluminium smelter at Gladstone in Queensland and Alcoa's decision to cut alumina production by 10 per cent in Western Australia.
- BHP's closure of its blast furnace at Kwinana in Western Australia because of the poor demand for pig iron.
- Groote Eylandt Mining's announcement that it is reducing manganese production in the Northern Territory.

To add to the bad news, Japan has advised that it is unlikely to enter any new coking coal contracts with Australia before 1985 because of the world slump in steel making and because of Australia's poor industrial relations record.

However, as the Treasury pointed out recently, the cutbacks in resources output do not mean an end to Australia's so-called resources boom. Investment, both from home and abroad, is still very strong and consumer demand is healthy. It is true that mining company returns this year have shown a significant drop in profits but this has to be seen against the record profits of the past two years.

As a bureaucrat who closely monitors the resources boom said, "what we are seeing is not a collapse across a broad front, but a prudent rescheduling of projects in the face of weaker demand."

He said the recent surge of investment which has led to the resources boom nomenclature had not receded. There was no "fundamental weakness" in the economy or in the long-term outlook for Australian resources development.

The Japanese expect their coking coal needs to rise from the current 69m tonnes to 78m tonnes in 1985 and Australia's share to rise from the current 27m tonnes a year to 33m tonnes under existing contracts. This would still leave Australia as Japan's major single source of coking coal.

The fact that projected coal demand is not as great as previously expected could work to Australia's advantage. Even on the lower projections, Australia will double coal exports in the next five years and many believe this will create enough strains on a relatively small capital and labour market, especially in view of the parallel plans for vastly increased aluminium output.

Japanese demand

The outlook for steam coal is a little brighter, with Japanese demand for Australian imports expected to rise from the current 4.5m tonnes a year to 19m by 1985. Australia would thus be supplying in 1985 around 80 per cent of Japan's steam coal.

Uranium also has problems. The unions have banned exports on environmental grounds, the world market is soft, and so far Japan and Australia have not signed a bilateral safeguards treaty which means new uranium shipments to Japan cannot take place even if labour could be found to load the yellowcake.

Short-term problems aside, however, most commentators agree that the inexorable rise in oil prices in the 20 years to the turn of the century will put Australia, as a major supplier of alternative energy, in an enviable position.

P.N.

Industrialists fearful of tariff cuts

MANUFACTURING
COLIN CHAPMAN

TWENTY MILES out of Sydney, where the coastal plain gives up its ever-spreading liver brick suburbia to wooded hillocks of ghost gums and steep escarpments, a new industrial landscape is taking shape.

There are factories large and small. Some, like the futuristic Unilever detergents plant at Minto, mould into their environment. Others are too small for that and come assembled, like Lego, in long lines of ribbon development. There are electronics factories and industrial toolmakers, companies making plastic hosepipes and garden tools, motor mowers and sails for windsurfers.

Few, if any, of these industrial entrepreneurs, whether multinational manufacturers of soap powder or multilingual one-man workshops, seem bothered about the burning issue in Australian industry these days—protection. Their worries are more prosaic—wage pessures, the Federal Governments hike in sales taxes and finding the right staff.

More than 400 miles to the south, in the sprawling conurbation of Melbourne, it is a different story. Unemployment, particularly among the young, is rising, even though many have followed the sun to the far north and Queensland.

Attempts to find new industry have had mixed success. The established industries manufacturing textiles, shoes and motor cars, are saying with a sudden shrillness that if Canberra cuts tariffs, they will surely wither and die.

General Motors Holden's, the country's largest manufacturer, and its rival, Ford, are the most vociferous. Holden's claims that if important quotas are relaxed and tariffs on cars from Japan cut from their present 60 per cent, as many as 200,000 Australians could lose their jobs. The car importers reply that the high protection stifles competition and enterprise and that a family car would be A$1,000 (about £600) cheaper and more jobs would follow if tariffs were cut.

But Holden's is adamant. It has just invested in a A$300m engine plant, which plans to export 90 per cent of its output to Britain and Europe. A cut in protection would force the company to scale down all its other operations and become an importer itself, it says.

The tariff issue overshadows almost everything else in industry today. Sometimes the clash between the big manufacturers and the federal government, itself under attack from its own review body, the Industrial Assistance Commission, academics and farmers for propping up inefficient industries, becomes both glacial and highly visible.

At a recent conference of the Metal Trades Industry Association, Mr John Howard, the Federal Treasurer, had the temerity to suggest that lower tariffs were needed to contain inflation. He conceded that industrial protection was one of the most sensitive and divisive issues which the Government faced, but said more competition and structural adjustments were necessary. This brought a stinging retort from Mr J. E. Dixon, the association's president, who accused the Governmunt of "wanting to plunge industry into turmoil."

In some senses industry can be excused its unease. In 1975 Mr Malcolm Fraser made an election campaign pledge "to give industry the protection it needs." More recently, under the influence of the erudite Mr John Stone, head of the Treasury, and countering critics from South-East Asia and India that Australia's protection is excessive, the Government has stressed that the need for lower protection is no longer an issue; the only doubt is the timing.

A Government document circulated privately to critical Commonwealth leaders at last month's conference in Melbourne, defends the Fraser team's tariff record and makes it clear further cuts will follow soon.

It states that there is a commitment to those industries "which are more internationally competitive, drawing on wider markets to take advantage of economies of scale: industries which are more specialised and equipped to deal with up-to-date technology," and to concentrate on areas where Australia has comparable advantage.

This is a good generalisation, but the Government finds tackling the issue harder when it gets down to specifics. Some industries are emerging to fit the pattern: aluminium smelting is an obvious category, along with the supporting fabrication industries. Optics is a well-developed art and solar energy-based industries are doing well. Any number of coal to gas schemes are under consideration and perhaps, surprisingly, aerospace is emerging from a stagnant period.

Partly this is the result of decisions to re-equip domestic airline fleets with the European Airbus and the Boeing 737 and the 757, and the A$1bn of work available in the manufacture of 75 McDonnell Douglas F-18 tactical fighters for the Royal Australian Air Force. But there is more to it than that.

The industry was able to sell Nomad aircraft to Thailand recently; there is the prospect of satellite and space communications work, and several international plane makers are beating a path to Canberra, hoping the Government will put up cash to participate in projects right from the drawing board.

The hardest problem is which industries to strip of protection. The Government was committed to laying out its plans for the automotive industry beyond 1984 before the end of this year, and the speculation has been that this would lead to a cut in local manufacturers, of which there are five. But the decision seems to have been postponed until next year.

It is sensibly argued that a time of international recession and higher than normal unemployment is not the right moment to plunge whole industries into despair. The British example is cited here.

But by the time the world economy picks up in 18 months' time, if international predicitions are true, then Australia will be facing another of its triennial elections, and no Minister wants to fight marginal seats with the prospect of big employing industries closing.

The rural economy faces an increasing squeeze

AGRICULTURE
PATRICIA NEWBY

THE PHILOSOPHY that what's good for the farmers is good for Australia has been an integral part of Australian economic and political thought for most of this century. Nowadays, however, the rural economy is finding itself increasingly squeezed between the virtually incompatible needs of the booming resources sector and the protected and inefficient manufacturing sector.

There was a time when farmers in Australia only had to worry about the weather and the world price of wool and wheat. Today their vocal and respected lobby group, the National Farmers Federation (NFF), spearheads the fight for tariff reform in Australian and farmer representatives are to be seen giving evidence to every major economic inquiry and responding with Press statements to every major financial initiative issuing from Canberra.

The rural economy, although shrinking in importance these past 20 years, still provides 45 per cent of export income and 8 per cent of Gross National Product—well ahead of mining with proportions of 35 per cent and 5 per cent respectively. Australia is still the world's biggest exporter of wool, beef and sheepmeat (6m live sheep will go to the Middle East this year) and is a significant producer of wheat, sugar and fruit.

The minerals boom of the 1960s and the energy resources boom of the 1980s has put the rural sector in a pinch between the export-orientated resources sector and the inward-looking manufacturing sector.

Foreign investment rolling into the country at unprecedented levels for resources development is exacerbating inflation and pushing the exchange rate up. The Australian Bureau of Agricultural Economics (BAE) estimates that costs to farmers, or the so-called "farm inflation," in the year to June 30 was 14.5 per cent compared with a general inflation rate in Australia of barely 9 per cent.

At the same time Australia's exchange rate has risen by an average of 10 per cent on a trade-weighted basis, making Australian agricultural commodities relatively more expensive on world markets. For some commodities exchange rate movements have been much greater. For example, the appreciation of the Australian dollar against the wool trade-weighted basket has been around 20 per cent because of the relatively larger appreciation of the Australian dollar against the currencies of major wool importers such as West Germany and Italy. The dollar has risen 34 per cent against the D-mark and 27 per cent against the lira.

The BAE calculates that exchange rate movements cost wheatgrowers alone something like A$200m in 1980.

The other half of the pincer grip on the rural sector is formed by the impediments to imports, the economy's natural safety valve, because of the manufacturing sector's claims for protection. The NFF has provided through its well-argued case for tariff reduction invaluable public support for the Government's advisory body, the Industries Assistance Commission, which has battled against public indifference and manufacturers' hostility in its recommendations to the Government that tariffs be reduced.

Mr David Michael, the NFF's chief economist, says farmers are not necessarily seeking total abolition of protection on manufacturing. They would like to see, however, a package of measures including tariff reform to accommodate the resources boom. Otherwise, inflation and the upward pressure on the exchange rate will hurt miners, rural producers and efficient manufacturers alike.

In the long term there is likely to be more rather than less pressure on the rural sector's ability to maintain international competitiveness. The so-called "investment phase" of the resources boom is currently attracting vast amounts of foreign investment for construction of resources projects but even further pressure is likely to be exerted on the exchange rate, the money supply, inflation and interest rates when the mines and smelters come on stream late this decade, generating increased export income.

Farmers themselves are aware of their responsibility to remain competitive through productivity increases. Over the past 20 years rural output has doubled with only a 16 per cent increase in inputs. Part of the NFF's role is to persuade government, educational institutions and industry to maintain research efforts into better animal and plant breeding, farming methods, soil conservation and so on. Farm consolidation has led to economies of scale in the use of machinery. Over the past 20 years the number of farmers has declined by around 27 per cent to 170,000.

All this is not say that the weather, the farmers' traditional friend or foe in this harsh arid continent, is not still important. Debilitating drought over large parts of the country for the past two or three years has broken only recently—leaving farmers heavily in debt at a time of record interest rates.

Total output of rural products was down by around 11 per cent in the fiscal year to June 30, mainly because of the effects of drought. The BAE is expecting increased output this year to offset to some extent lower world commodity prices. After inflation is taken into account, however, the BAE believes the gross value of rural production will decline by 8 per cent in real terms.

Farmers have had a powerful voice in the Federal Parliament through the rural-based National Country Party, which traditionally rules in coalition with the Liberals; in the states the Country Party has itself held office. A Country Party-led coalition under Mr Johannes Bjelke-Petersen is currently in power in Queensland. More than ever in the 1980s farmers will be looking to use this power.

Guidelines on pay policy have been eased

INDUSTRIAL RELATIONS
PATRICIA NEWBY

AUSTRALIA'S six-year-old pay policy collapsed in July this year, leaving in its wake uncertainty in industrial relations and fears of a wage explosion as unions tried to "catch up" after six years of what they saw as comparative wage restraint. But three months after the demise of the system which had linked national wage rises to movements in the inflation rate there is growing optimism that allowing the labour market to float freely—for a time at least—will be, as one official put it, "entirely a good thing."

Although employer groups were opposed to a return to free collective bargaining, individual employers have endorsed the easing of the rigid pay policy guidelines. "Employers had very little room to manoeuvre on wages because of the centralised system. Anomalies inevitably arose and this led to a lot of friction with unions and employees," said one national employer. "I would hope that with a little more flexibility on the pay front we will see less industrial action and strikes than over the past year."

This year has been bad for strikes. The national domestic airlines have been grounded twice, once for more than a week. Qantas, the international carrier, was also grounded. Transport workers staged a three-week nationwide strike which led to critical shortages of food and other goods. Telecommunications workers brought the communications network to a virtual standstill for three weeks and strikes by marine engineers and oil refinery workers have led to petrol rationing and food shortages a number of times.

Some of these strikes were prolonged because the pay policy did not give employers room to reach a compromise with striking workers, some of whom were claiming restoration of skill differentials which had become eroded because of the uniform pay rises of the centralised system.

The pay policy appealed to Australia's egalitarian ethos by paying all workers the same rise, a system which goes by the beguiling name of "comparative wage justice." The theory is that everybody gets a fair go, not just the unions with muscle.

It is also argued that the inflexible system contributed to Australia's shortage of skilled labour, since there was little incentive for people to acquire skills. Indeed it is estimated that around 11 per cent of Australia's skilled tradesmen are currently working in unrelated fields like taxi-driving.

Wages, despite the pay policy grew at an annual rate of more than 14 per cent compared with an inflation rate of around nine per cent in the fiscal year to June last and the Arbitration Commission which had administered the policy said in July that there was insufficient adherence to the policy to justify its continuance.

The feared wages explosion has so far not eventuated although Treasurer Mr John Howard warns that "excessive" wages growth remains the greatest single threat to Australia's incipient resources boom.

A number of benchmark pay agreements in the last three months suggest that a rise of A$20 a week can be expected to filter across the whole workforce over the next 12 to 18 months, with a higher rate going to scarce skills. Transport workers and storemen have recently settled with their employers for pay rises of A$2[illegible] a week and the powerful metal trades unions who are in demand for resources projects are seeking a flat A$20 a week rise plus an allowance for skill and disabilities of the job such as working in remote locations of another A$30 a week.

The A$20 figure can be compared with average weekly earnings for males, excluding managers and also excluding overtime, of A$269 a week. Inflation in the year to Septembe[r]

CONTINUED ON NEXT PAGE

Fraser beats off challenges—for now

POLITICS

PATRICIA NEWBY

PRIME MINISTER Malcolm Fraser has taken the Liberal-National Country Party coalition government to three successive election wins—including the biggest and second biggest majorities ever recorded in the Australian House of Representatives. So it is ironic that he should be challenged as Prime Minister from within his own party as well as by the Labour Opposition.

For the time being at least Mr Fraser appears to have beaten off a challenge for the leadership by the charismatic and electorally popular Mr Andrew Peacock. But Mr Fraser's policies and style have left him with a disgruntled backbench where sit no fewer than 15 former Ministers who have either resigned or been sacked over the past six years.

A number of uncharacteristic errors in political judgment this year have made Mr Fraser look vulnerable to a leadership challenge from Mr Peacock. Probably Mr Fraser's major mistake was to put Mr Peacock in a position where he felt he had to resign from the Cabinet.

It is his freedom from Cabinet secrecy and solidarity which has given Mr Peacock the chance to criticise the Government, offer alternative liberal policies and act as a focus for backbench discontent.

Most of Mr Fraser's mistakes ironically were the result of efforts to discredit Mr Peacock which rebounded on Mr Fraser or known Fraser supporters such as Mr Ian Viner, who replaced Mr Peacock in the Industrial Relations portfolio.

Mr Peacock resigned from the Cabinet in April, accusing the Prime Minister of gross disloyalty for failing to deny damaging newspaper reports about him. The circumstances of the resignation were similar to those which caused Mr Fraser's own resignation from the Gorton Ministry in 1971 which subsequently led to a Liberal Party split and the political demise of Mr John Gorton in favour of Mr William McMahon. Mr Peacock used exactly the same words in his resignation letter as Mr Fraser used 10 years ago.

Mr Peacock, 46, and after referred to as the Sunlamp Kid because of his suntanned good looks and playboy image, started his dashing career by becoming Minister for the Army at the age of 29, making him Australia's youngest Federal Minister. He was Foreign Minister for five years under Mr Fraser until last year when he requested a domestic portfolio after the November election. The wish to move was viewed by most as the start of a bid for the leadership. He had proved himself in foreign affairs and was prepared to face the tougher test at home.

Mr Fraser gave him the difficult Industrial Relations Ministry in what was seen as a gamble which could either make or break his political rival.

According to unions, employers and civil servants, however, Mr Peacock made a success of industrial relations. Then the damaging newspaper reports appeared in the Australian, which is owned by media magnate Mr Rupert Murdock, and Mr Peacock subsequently resigned, virtually accusing the Prime Minister of orchestrating the media reports about him.

One of Mr Fraser's main problems with his own urban-based business-oriented Liberal Party is that as a millionaire grazier he is regarded as too close to the coalition partner the National Country Party. Indeed many of Mr Fraser's closest friends and staunchest supporters are Country Party Ministers—a fact which tends to drive even more Liberals into the Peacock camp.

For example, Mr Peter Nixon, a senior Country Party Minister, was used by Mr Fraser as go-between in communications with Mr Peacock over his resignation. Many Liberals felt Mr Fraser should not have involved the Country Party in internal Liberal politics.

The heated debate within the country on tariff reform, favoured by farmers but opposed by manufacturers, has emphasised once again the conflict of interest between the coalition partners. It is not just the Labour Opposition which feels the Country Party's power—18 per cent of the seats in Parliament on 9 per cent of the vote—is disproportionate. Liberals themselves often describe the Country Party as the tail that wags the dog.

Labour needs a swing of less than 2 per cent to win in 1983. Because of the concentration of Labour votes in city electorates, Labour needs at least 51 per cent of the vote to win. Their opponent Malcolm Fraser is nothing if not a master politician and he will prove a tough nut to crack for either Labour to Mr Peacock.

He has already laid the groundwork for across-the-board income-tax cuts as the election nears which should go some way to appeasing an electorate which is tiring of economy cut-backs and restraint in the midst of what is purported to be a resources boom.

Mr. John Howard, the Treasurer, has specifically stated that a prime motive for the extension of the sales tax to a wide range of previously exempt goods in the August budget was to make room for income-tax cuts later.

Working in Mr Fraser's favour for the 1983 election is the relatively good economic outlook and the fact that the Opposition Labour Party is lack-lustre and suffering from its own leadership qualms. The current leader, Mr. William Hayden, is supported by the Parliamentary Labor Party and is generally recognised as a sincere and competent man. But there is also a general feeling that he is not a winner. He is consistently beaten in opinion polls by Fraser. Peacock and his Labor colleague Mr Bob Hawke, the popular former president of the Australian Council of Trade Unions.

"The electorate just does not see Bill Hayden as Prime Minister, or indeed Labor as a credible government," said one Canberra political journalist. "There is also some doubt about whether even Labor sees itself as an alternative government."

Despite its poor image federally, however, the Labor Party is by no means a spent force in Australia. Mr Neville Wran, the Labor Premier of New South Wales, Australia's richest and most populous state, recently took his party to its third successive win, recording a record majority for the state's Legislative Assembly. The Liberals were routed, their leader even losing his seat.

New South Wales illustrates the curious phenomenon of Australian politics that voters will choose one party federally and the opposite party in state politics. Tasmania, which has no Labor Federal seats at all, has a Labor state Government.

With two years before a Federal election is due, it is too early to write off Labor's electoral chances. Labor did in fact produce a very well researched and run election campaign for last year's election. If it had not been for last-minute saturation television advertising by the Liberals on the theme that Labor would introduce a capital gains tax on people's houses, Labor could well have won.

Mr Malcolm Fraser is well aware that the margin was a bare 6,000 votes in more than 9m in key electorates across the country. If those votes were to go to Labor, Bill Hayden would be Prime Minister in 1983.

Errors in political judgment this year have made Prime Minister Malcolm Fraser look vulnerable to a leadership challenge

Airline policies come under increasing scrutiny

AVIATION

RAY BASHFORD

DOMESTIC AIRLINE policies in Australia have a uniquely contentious political nature with the aviation industry now under intense Government and public scrutiny.

During the past 12-months this contentiousness has become particularly obvious as the Federal Government has attempted to deal with mounting criticism of the existing system.

Last April, Mr Malcolm Fraser the Prime Minister, announced a full-scale investigation into regulations governing domestic airline policies. This came shortly after he received a report on airfares which was highly critical of the existing structure.

Public debate on aviation has been fuelled by the take-over of one of Australia's two domestic carriers, Ansett Transport Industries by Mr Rupert Murdoch and Sir Peter Abeles, the head of one of Australia's largest road transport group's Thomas Nationwide Transport—and the announcement earlier this year that at least 49 per cent of the Government controlled, TAA will be sold to the public.

In a country where vast distances separate major capital cities air travel is a crucial part of the communications network and the actions which the Federal Government is taking are responses to the widely held opinion that the present system creates inefficiency and excessively high travel costs.

Under Federal Government regulations only two airlines are permitted to operate between state capitals—a restriction gradually imposed in the late 1950s and commonly known as the two airline policy.

There has been consistent pressure from within and outside the industry to terminate this agreement and clear the way for increased competition. Powerful lobbying by both airline company's has blocked these attempts. Earlier this year the Government passed a bill permitting the policy to continue for another eight years.

The Federal Government's rationale for maintaining the two airline policy is that it ensures stability within the industry and therefore reliability for travellers.

By limiting competition the Government believes both airlines will retain financial viability in an industry which world-wide is renowned for profit uncertainty.

At this stage it would appear that major moves to deregulate will not be forthcoming for at least another five years when the Federal Government inquiry reports its findings. The committee of inquiry is still in its early stages, preparing terms of reference in co-operation with state government, business and union officials.

Although the basis of the two-airline policy has not been challenged by this federal government—many would say it has been entrenched—there are signs of increased competition.

The situation which existed until a few years ago where aircraft from the two fleets flew the same routes on almost identical timetables has been ended and a recent innovation is the purchase of different aircraft.

These changes have given rise to a marketing battle between the two companies, using different aircraft and services as weapons to win passengers.

TAA has chosen the Airbus A300 and will have five operating in addition to its fleet of DC-9s by the time Ansett introduces its Boeing 767s to complement its 737s and 727s.

While marketing competition has intensified, there have been few changes in what could create a real differential between the operators — pricing. All pricing arrangements are made in agreement with the Federal Government.

Impetus for change in pricing policies came earlier this year when a Federal Government-sponsored inquiry into air fares —the Holcroft Report — found that the present means of establishing air fares is "unsound, inadequately monitored, and the cause of serious inequities."

The report urged that examination should be made on the cross-subsidisation of air fares so people pay for the distance they travel and the real costs of shorter legs are not subsidised on longer journeys.

The inquiry's study of cross-subsidisation showed that on the Sydney-to-Perth route passengers would have subsidised other travellers by \$8.8m during the 1979-80 financial year. Western Australian politicians quickly claimed that without this system the Sydney-to-Perth air fare could be cut by \$80 to slightly under \$200.

An important break in the two airline policies came early in October when the Federal Government gave the small New South Wales airline, East-West Air, the right to operate a cut-rate, no-frills flight from Sydney to Canberra. The airline offered a single fare to Canberra at \$49.50 and \$32 on a standby, compared with Ansett and TAA prices of \$60.70 and no standby. Both airlines protested strongly and are considering a counter-move.

The single most controversial aviation step taken by the Federal Government during the past 12 months was the announcement of its intention to dispose of at least 49 per cent of the group's capital.

The Prime Minister believes private capital will strengthen its competitive position and lead to increased efficiency.

Opposition has been strong to the plan. The Liberal Party's coalition partner, The Country Party, fears that many marginal country routes may be abolished if free enterprise gains control of the airline, while the Labor Party claims that the Government has taken the decision under pressure from Ansett.

Australia's international carrier, Qantas, has made no secret of its desire to operate internally. On some routes Qantas flies across Australia on transit either in or out of Australia—for example, Sydney, Darwin or Sydney, Perth—it operates at one-third capacity.

If it were given an internal licence it would therefore be able to take up some of this excess on a highly competitive basis using its fleet of jumbo jets.

Pay guidelines

CONTINUED FROM PREVIOUS PAGE

last was 9.1 per cent and the Treasury has predicted 10.75 per cent for the year to June next. The Treasury has also predicted that wages this year would rise by 13.5 per cent but the forecast was made before the abandonment of the pay policy.

Mr Clifford Dolan, president of the Australian Council of Trade Unions (ACTU), has shepherded the ACTU towards a policy which looks to protect the weaker sections of the union movement by restraining wage demands generally to around the A\$20 mark. Whether the union movement will accept voluntary wage restraint remains to be seen. Unemployment has recently risen again to 5.8 per cent after dropping earlier this year to 5.1 per cent.

A more flexible pay policy may buy more industrial peace this year but Austraila's management-worker relations still remain a vexing problem. According to surveys by the Government Statistician, only 20 per cent of strikes in Australia are caused by wage claims. By far the biggest cause of strikes—48 per cent of them—lies in what is described as management policy, which includes matters like sackings. Another 17 per cent are caused by complaints relating to physical working conditions. The rest are caused by action to support shorter working hours campaigns, trade unionism, and better pensions.

International Labour Organisation figures for the period 1975-79 put Australia among the top six most disputatious nations with an average 1,204 working days lost per 1,000 employees—worse than Britain and the U.S. but better than Spain (2,267) Canada (1,957), Italy (1,811) and Ireland (1,642). Australian officials do warn, however, that because of Australia's system of recording all industrial disputes through the Arbitration Commission Australia may appear worse simply because all disputes get into the record.

It is usual in Australia to blame unions for this poor record, and indeed Australia is a highly unionised country with 350 unions for its 6.8m workforce and 55 per cent union membership compared with 22 per cent in the U.S. and 34 per cent in Britain.

People working in the industrial relations field are more likely, however, to apportion some blame to the low priority placed on industrial relations by Australian management.

"Industrial relations managers are never on the boards of Australian companies. The expertise and resources devoted to good labour relations are abysmal," said one Government official.

Controversy over power of media groups

AUSTRALIA'S four media groups are at the forefront of immense technological changes which will occur during the coming decade but are already the subject of controversy because of the political power they wield.

In 1971 a survey of 32 Western countries, carried out in association with the International Press Institute, concluded that Australia had the second highest degree of Press concentration—second only to the Republic of Ireland. Subsequent changes in media ownership have tightened the ownership reins.

Four groups dominate the industry. The Sydney-based groups are Mr Rupert Murdoch's News Corporation, Mr Kerry Packer's Australian Consolidated Press and John Fairfax and Sons, while the nation's largest media group is the Melbourne-based Herald and Weekly Times.

Through a web of interlocking shareholdings and direct investment these groups control newspapers and television stations in every state capital. In Mr Murdoch's case his influence, often under attack at home, spreads abroad to Fleet Street and New York.

Despite their limited number competition between the groups is strong and technology will enliven this during the coming decade. Perhaps the prime example of the struggle being waged at present for participation in technological change is seen through the investigations for the establishment of a domestic satellite.

In 1979 the Federal Government decided to proceed with a plan to launch a domestic satellite into orbit in 1984 at a cost now estimated to be A$300m. The media groups have differing views on the financial wisdom of investment in the venture, however, and a "one-in-all" situation has developed. Those groups reluctant to participate on current financial grounds feel that an investment may be none the less justified as a defence against a competitor who joins the venture and wins technological advantage.

Responsible Federal Government agencies are believed to favour private enterprise taking a 49 per cent stake in the venture, with the Government holding the remainder for use in general telecommunications and defence.

The prime mover among media groups for the satellite's establishment has been Mr Kerry Packer—an enthusiasm he first expressed in 1977 when he had a report on a satellite's feasibility prepared and sent to Canberra for examination by bureaucrats.

The Packer family has held a position of power in Australian television since its introduction in 1956 and the group currently operates two leading stations in Melbourne and Sydney. Through use of the satellite it was originally planned by Kerry Packer to transmit directly into regional areas. Winning of a strong position in growing regional areas would have provided leading television groups with large financial rewards.

Rural station operators objected strongly to this proposal, arguing that it represented a threat to their economic viability by diverting a high proportion of a national advertising expenditure currently placed with regional stations into the coffers of metropolitan networks.

A decision on the question has been shelved until the completion of an investigation into the feasibility of introducing cable and subscriber television.

Mr Rupert Murdoch's aspirations in television have been frustrated by the refusal of the Australian Broadcasting Tribunal to approve the takeover of a Melbourne television station, ATV 10. News Corporation gained a 50 per cent stake in the station through a joint takeover of Ansett Transport Industries, which controlled the station.

The Tribunal ruled that control of the station coupled with News Corporation's existing ownership of Sydney's Channel 10 would have an adverse affect on the programming choice of smaller stations in other capitals. Mr Murdoch has challenged the decision in the Administrative Appeals Tribunal.

Alternative

The use of satellite-related television operations would be an obvious alternative to conventional networking as planned by Mr Murdoch if the appeal fails. News Corporation would also be able to employ the satellite for facsimile transmission of newspapers across the country: other groups would also be able to use it for this purpose.

As an example of how new technology will expose the majors to outside competition Henry Jones (IXL), which has no large media interests, has examined cable television and is gearing up for its introduction.

Intensified competition is expected to lead the Herald and Weekly Times group into a rationalisation programme. The company is expected to divest itself of some of its marginal television operations and relocate the funds in Queensland so as to benefit from that state's fast-growing advertising market.

The Fairfax group's most important move into new technology has been through the introduction of a digital information service, Teletext. Since early last year the company, through its network, has been selling limited news and information services.

Mr Kerry Packer is the other operator in this area, having acquired the operating rights in Australia for Prestel. The large Australian retail chain, Myer Emporium has also taken its first move into media operations with the formation of a company to operate in digital information systems.

All newspaper groups have introduced computerised type setting, although the development stages vary greatly. The group to have incurred most technical difficulty in the computerisation is the Fairfax Company. After 18 months the system is still racked with problems, causing lengthy delays in production and expensive advertising losses.

The Australian Press establishment was shaken in 1979 when News Corporation launched a takeover for the Herald and Weekly Times. Largely as a consequence of the issues raised through Mr Murdoch's unsuccessful takeover attempt the Victorian Government initiated an investigation, known as the Norris Inquiry, into Press ownership in the state.

The inquiry's findings last month included the recommendation for the establishment of an independent authority to prevent further concentration of newspaper ownership if it is considered not in the public interest.

The inquiry also concluded that the Herald and Weekly Times, publisher in Victoria of the Melbourne Herald and the Sun News Pictorial, and David Syme and Co. (20 per cent controlled by the Fairfax group) control slightly over 80 per cent of the total weekly circulation of newspapers in Victoria. While the inquiry found no adverse effects of such domination it added that "the potential for harm . . . is real."

The most important body regulating the behaviour of Australian newspapers is the Australian Press Council. It was established in 1976 ar[illegible] modelled on the British cou[illegible] part.

Newspaper organisa[illegible] originally formed the AP[illegible] a form of self-regulation [illegible] out legal or coercive power[illegible] relies on publicity of its [illegible] ings through the media a[illegible] sanctionary force.

Adjudication on complai[illegible] made by a board com[illegible] ing representatives from [illegible] prietors, members of the p[illegible] and the Australian Journa[illegible] Association. Since its form[illegible] the Fairfax group, in its [illegible] right, has refused to partici[illegible]

Last March the future o[illegible] body was placed in doubt [illegible] News Corporation with[illegible] membership. The group [illegible] never explained publicly [illegible] reason for its decision, b[illegible] came shortly after the [illegible] received complaints agains[illegible] group for alleged bias by [illegible] of the stable's papers d[illegible] the last South Australian [illegible] tions. It was decided, how[illegible] to continue the body with [illegible] support of Australian Co[illegible] dated Press, Herald and We[illegible] Times, and David Syme.

Ray Bashf[illegible]

Film industry faces fresh obstacles

THE PRAISED but unprofitable Australian cinema is facing obstacles to growth posed by the imminent end of direct Government support. Those films that will be made may show little resemblance to their widely-acclaimed predecessors.

The scenario proposed for the industry in the 'eighties offered a happy ending—alert producer meets private investor and they jog towards a bright tomorrow. The Government-patronised renaissance of the 'seventies, the prospect of generous tax concessions, as well as the exemplary production partnership of Rupert Murdoch and Robert Stigwood, had fuelled hopes for a production boom to exploit international awareness of Australian films.

Although *Gallipoli*, the first feature from Murdoch and Stigwood's associated R and R Films, is looming as the commercial and critical blockbuster needed to breach the American market, problems (arising from the enacted tax legislation) have apparently deferred the predicted boom, however.

The task of attracting private capital to such a high-risk industry had been inhibited by the taxation assessment of feature films as units of industrial property. Investors were only allowed to write-off their outlay over 25 years, notwithstanding the two or three-year limit to a film's effective earning power.

Conceession

Industry lobbying in 1977 for a one-year write-off won a Liberal election concession of a 100 per cent investment deduction over two years, an allowance that was abused by schemes to inflate deductions with borrowed non-recourse loans ascribed to productions costs. Despite claims that "legitimate" ventures also were financed with this type of loan, the industry soon acquired a "taxdodge" stigma, due partly to the popular play, *Celluloid Heroes* by Gallipoli scenarist, David Williamson.

Moves by Treasurer Howard in late 1980 to close tax avoidance schemes drew more lobbying by producers and the Government film corporations, whose practice of financing productions with non-recourse loans and distribution advances now compromised their tax-exempt status. Faced with an election in December, the Liberals offered a benevolent 150 per cent one-year write-off, plus exemption from tax on profits equal to 50 per cent of the investment.

Although at least one producer had a "Liberal victory" clause in his film's investment contract, the mood of the industry grew euphoric even before the Fraser Government's re-election. Seers predicted a production boom stretching technical resources across some 35 features in 1981, twice the number of the 1980 downturn. Producers signed-up investors by the hundreds — mostly professionals in the 60 per cent tax bracket—and cameras started to roll.

When the Disney dust finally settled, however, the vista was somewhat bleak. Whereas the succinct pre-election statement promised a write-off in the year of investment, the legislation introduced in May, 1981, required an investor's film to be completed and generating income before the deduction could be claimed.

A prompt amendment honouring deductions for investments made before May stifled the howls of outrage from producers whose projects were under way. About 25 films were reprieved, but the outlook for the 1981/2 financial year is decidedly pessimistic with only five or six features expected to be completed.

This about-face has jarred the industry's confidence in a Government that had promised to deliver the goods. Many have doubts about the future of a tax-based incentive scheme which could be as easily revoked as it had been modified.

Indeed, the scramble for the required production eligibility certificates is thought to have pushed estimates of revenue loss from A$2m up to as high as A$130m, an ominous sign.

In the short-term, the one-year shooting and marketing schedule—currently cramped by the backlog of applications awaiting processing—is certain to favour low-budget features and documentaries with assured sales.

Documentaries — which account for 67 of the 181 applications submitted before September — can be on Japanese or Belgian television screens within the film financial year. Documentary-makers have begun campaigning vigorously for the investment dollar.

Feature films by contrast, lose money, fewer than two-in-seven recovering their costs (on average A$1.2m), so that productions budgeting at a A$1m or less are a safer investment than those costing A$2m or more. Features with guaranteed overseas releases offer the smallest risk for investors, although foreign distribution advances are regarded as effectively reducing that risk for tax deduction purposes.

Until recently, Australian features have earned moderate sales returns from smaller foreign markets but, as yet, have had releases in fewer than 30 of the 38,000 theatres in the U.S., potentially the most lucrative market. However, *Gallipoli* which *Variety* described as opening with "an astonishing amount of newspaper ad hoopla," is being distributed by Paramount, the first major American company to handle an Australian film.

This precedent has excited aspirations for a spate of local features to follow in its wake, either to the hardtop and drive-in theatrical circuits or to the expanding cable television networks.

The biggest of these, Time-Life's Home Box Office, recently commissioned "three or four movies" to complement its other local acquisitions a deal that co-incided with an approving cover story on the Australian cinema in *Time* magazine's Pacific edition.

In essence, foreign — and especially American — sales are seen by many as the industry's only chance of survival and growth. For the Australian people it is a point of economic and cultural reciprocity after decades of domination by Hollywood films.

Nevertheless, a sizable sediment of opinion is concerned that an influx of private capital will lure bonanza brokers chasing profits without honours. They fear in particular an Australia cinema tailored to suit foreign audiences by the "internationalising" — ie, Americanising — of its product. The national self-scrutiny that distinguishes films such as *Newsfront*, *Breaker Morant* and *The Chant of Jimmie Blacksmith* would be replaced by the characteristic anonymity of Canada's recent output or the transatlantic production of Lord Lew Grade.

The "big three" exhibition circuits are Hoyts, owned by Twentieth Century Fox; Greater Union, 50 per cent owned by the Rank Organisation; and Village Roadshow, with one-third interest belonging to Greater Union. All three release films from member companies of the American-dominated Motion Picture Distributors' Association, whose list of the hundred top-grossing titles of the 'seventies in Australia includes only six local films.

A 1972 tariff board report on the industry recommended that the chains divest themselves of a total of 13 theatres, and that another enquiry be held in 1977. Five years later no divestiture had taken place—and no further enquiry has transpired—but Roadshow and Greater Union had by then invested in a number of local productions.

Although several of these, such as *Alvin Purple* (Roadshow) and *Picnic at Hanging Rock* (Greater Union), have shown domestic profits, the major exhibitors have more typically been accused of bulk-releasing local films during the box-office silly season of September to November. Of the dozen or so feature films shot in 1980 and not released, three have only recently surfaced.

Given the Whitlam Government's failure to employ restrictive trade practices legislation against the exhibition-distribution oligopoly, it is unlikely that the Fraser Government would consider it. The sum of their recessive policies suggests that the Australian Cinema's auspices are ominous.

Graeme Albertson

PROFILE: PATRICK WHITE

Acclaimed author

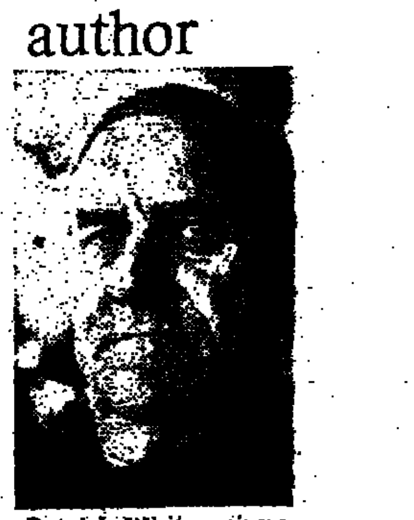
MR PATRICK WHITE has become the symbol of Australia's cultural coming of age. Yet the 69-year-old Nobel Literature Prize winner has long had as distant and tortured a relationship with his country as he has with everyday life. Flaws in the Glass, his autobiography published last month, is a revealing tale of a man whose tone ranges from the moral passion of an Old Testament prophet to the slashing cuts of the gossip columnist.

The book is one of the few occasions when this intensely private man has opened himself to the world and publicly explored his sexual ambivalence which, he says, "has given me insights into human nature denied, I believe, to those who are unequivocally male or female."

It is these insights and an almost mystical touch which gives his writing its power. In Voss, for instance, the relationship between the men setting out to cross Australia and theirs with Nature has a spiritual strength which haunts the reader long after the book is finished.

None of his writing is in the nationalist Australian tradition which has filled the shelves of Australian libraries with tales of British cruelty to convicts or crassness at Gallipoli. Instead Mr White's strengths come from the broader worlds of writers such as Joyce, Mann and Tolstoy whom he came across during his schooling in Britain, war service as an RAF intelligence officer in the Middle East and post-war life in New York.

What he found on his return he graphically set out later. "In all directions stretched the great Australian emptiness, where the mind is the least of possessions, the rich man the



Patrick White, winne[illegible] the Nobel Literat[illegible] Prize

important man; where [illegible] schoolmaster and the jo[illegible] list rule what intelle[illegible] roost there is; where be[illegible] ful youths and girls sta[illegible] life through blind eyes—[illegible] the march of material[illegible] ness does not raise a qu[illegible] in the average nerves."

If this is the aristoc[illegible] voice of the scion of [illegible] generations of Austra[illegible] landowners, he has had l[illegible] time for the Australian es[illegible] lishment and for "t[illegible] crooks who mostly gov[illegible] us." A staunch republi[illegible] his disgust at Sir John K[illegible] dismissal of Whitlam cau[illegible] him to return the Austra[illegible] Order awarded to him.

Today one of the few ca[illegible] for which he will appear [illegible] public is to criticise nuc[illegible] arms. It is such issues [illegible] the spread of television [illegible] "plastic culture" which ca[illegible] him to become increasin[illegible] pessimistic about Austr[illegible] today—a sad trait to find [illegible] one who has contribu[illegible] much to Australia's grow[illegible] sense of its own identity.

David To[illegible]

Here and on the following three pages, Financial Times writers look at how the varied states of Australia are entering the 1980s.

Individual states pulling in different directions

WATCH YOUR pockets, ıere are people from the ɔuth around," Queensland ace-goers would be told not ɔ long ago — and today a anberra numberplate can ttract curses in Sydney. egional misgivings remain rong and are being intenfied by the resources boom, hich is tugging Australia's ates in different directions.

The old frontier states of ueensland and Western ustralia are leading the oom. Some 56 per cent of ıe value of the projects on ıe Federal Government's inestment list is accounted for y these two states alone, yet ıey house only a quarter of ustralia's population.

These new-rich states want reedom to plot their own ourse and a reduction in proectionism to help keep the Australian dollar down so that they can sell their primary exports. But the centres of yesterday's growth, New South Wales and the staid state of Victoria, have too many jobs at stake to allow this to happen without a fight.

It is a tough job for governments in Canberra to spread the benefits of development for it has long proved difficult for them to impose their will on the states.

The six stars on the Australian flag represent the six colonies which grudgingly agreed to combine in 1901. The Northern Territory has been self-governing since 1978 but is still without statehood.

The constitution they accepted gives only certain powers to the Federal Parliament and Government. These include foreign policy, customs, external trade, banking, social services and some industrial arbitration. As the complete opposite to the situation in the U.S., whatever powers do not belong to the Federal Government belong to the states.

The states have always rejected constitutional changes to strengthen Federal powers but over the years Canberra has gradually been able to assert itself.

In the emergency war conditions of 1942 it introduced uniform taxation. It controls the financial assistance given to the states, as well as their capital borrowing programmes. It has extended its powers through some smart legal thinking. One imaginative example was when it argued that under an international treaty on migratory birds it was obliged to protect their nesting grounds and so threatened one state to expropriate those grounds.

It has made maximum use of its control over foreign investment and export licences. It has applied this control to stop the mining for export of sands from an unspoilt part of Queensland. It could in theory prevent exports of aluminium from states considered to be charging smelters too little for electricity. It has benefited from a series of High Court decisions confirming that matters such as restrictive trade practices are federal responsibilities.

But in all this there is a limit. Premiers such as Mr Neville Wran of New South Wales, Sir Charles Court of Western Australia and Mr Joh Bjelke Petersen of Queensland have a local prestige which — particularly in the last two cases — governments in Canberra neglect at their peril.

Earlier this year, Prime Minister Mr Fraser tried to adjust the balance of funds paid to the states. The move caused an immediate outcry, even though it had been backed by findings from Commonwealth Grants Commission that South Australia and the "disadvantaged" states of Tasmania and Western Australia were receiving too much. The problem is likely to become more acute as the investment boom further changes the economic balance of the country.

But for the moment Mr Fraser has more immediate concerns. He has to persuade the states to agree a package for joint administration of the territorial seas and offshore oil and gas. He also has to convince states to drop the preferences they give to companies in their states — one of the stumbling blocks in attempts to move towards a free trade area with New Zealand.

In both cases his hands are somewhat tied. The task of charting Australia's progress might seem to require stronger co-ordination of its states but the rich variety of these states and the legacy of the past is such that most on ploughing many of their own furrows.

David Tonge

The heartland of Australia's traditional industry is coming under threat

Investment boom a mixed blessing for Victoria

OR VICTORIA the country's source investment boom is mething of a mixed blessing. ıe state is only attracting a aall share of investors' attenion and at the same time is ıing pressed to dismantle the dustrial protectionism underning much of its present osperity.

Geography has not been that nd to Australia's second allest state. It has given it ıe 100bn tonnes brown coal eposits used to provide comtitively priced electricity— t it has packed these deposits one spot, the Latrobe Valley, reatening problems in developg them later in the 1980s. oreover, although there is oil d gas in plenty, they are ntalisingly offshore in the ass Strait.

Under Australian law this eans that it is less the state ıan the Government in Canerra which benefits from the elds now providing two-thirds Australia's oil needs. Even cluding the A$1.2bn being ent on developing these fields, ictoria, with 27 per cent of ustralia's population, can only claim 10 per cent by value of the grandiose list of projects which the Australian Government says are committed or at final feasibility stage.

History, too, is proving a wayward mistress. The great sheep-farming state of the past has developed into an industrial centre with 80 per cent of its population living in cities. Encouraged by the state's traditional protectionism and its closeness to the country's main markets, manufacturers have turned Victoria into the base for half Australia's production of motor cars, textiles, clothing and footwear. But the very industries on which much of its recent growth is based are the problem children of today.

The 1950s were the golden era when the state's Premier could boast that it was impossible to exaggerate the possibilities of "the wonderful state." This mood continued into the 1960s, with Melbourne still unchallenged by Sydney as the financial centre of Australia. The 1970s saw successive state governments putting their emphasis on the quality of life, helping Melbourne to remain a delightful, if slightly Americanised, Victorian era city.

But that decade had its problems. The British Crown Agents were only one of the companies involved in Melbourne property to be badly burnt by the slump in the local market. The state began to develop some of the worst labour relations of the country. Now, despite producing one-third of all manufacturing output, Victorians are asking how they will share in the profits from the resource boom expected this decade.

Strategy

The state government's strategy is to redirect resources to capital-intensive heavy industries, to try to set up its own "Silicon Valley," to promote Melbourne as a financial centre and port and to look outwards to the markets of the East. Premier Lindsay Thompson also insists that the state must develop its rich agriculture and obtain a better deal from Canberra.

In an interview he called for a modification of the arrangement under which the state gets only one-third of the royalties from oil production. He also questioned the current financial balance between the states, saying that in the past ten years Victoria had paid A$2.1bn to finance the development of other states.

The government's hopes of adding to the state's industrial base have recently received a number of setbacks. The building industry, for example, is in a depressed state. Alcoa is reviewing its Portland aluminium project following an increase in state electricity prices. The State Electricity Commission is delaying work on the last three of the four 500 MW generating units being built at the Lo Yang power station in Latrobe Valley. There are doubts about BHP's plans for a steel mini-mill at Geelong. Finally, ICI has decided against continuing studies of a possible A$500m plant to produce raw materials for PVC.

Causing most anxiety, however, is the mounting pressure on protectionism. Mr John Bjelke-Petersen, the outspoken Premier of Queensland, claimed that present protection policies are costing his state A$1bn a year. According to the Industries Assistance Commission, a Federal body, protection is subsidising industry in Victoria to the tune of A$428 per head of population; the national average is A$287.

The Government in Canberra is considering suggestions that quotas for the motor-car industry be abolished and tariffs reduced to 50 per cent by 1990. But the Victoria-based car industry, which includes a plant to produce one-third of the engines for General Motor's World Car, argues that this could cause the loss of 51,000 jobs.

Similar fears are expressed by the textile industry, also concentrated in the state.

Premier Thompson's answer to all this is to call for gradualism. He has proposed a joint Canberra-Melbourne study to minimise dislocations caused by lowering of protection barriers. He has also set out to try and galvanise industry in the state. Since taking over in May from another Liberal, Mr Thompson has moved to cut Victoria's notorious red tape. But his government has had to deal with a report showing that the state's 9,000 quangos have run out of control and an embarrassing defeat over a move to extend shop hours.

The Liberals, who have long considered Victoria as the jewel in their party crown, are shown by one poll as having lost 7 per cent of their votes. A mere 2.3 per cent swing would give the state to Labour and to a development philosophy emphasising manufacturing rather than capital-intensive projects such as smelters.

For all this it remains hard to reconcile newspaper headlines such as "Victoria the vulnerable" with the bustle evident in the state. It remains the centre of most of the major companies of the country. But its problems only serve to underline the problem governments face in ensuring that the resource boom of tomorrow benefits the suburbs of today.

David Tonge

FOCUS ON HUNTER VALLEY

New South Wales in microcosm

BERNIE McCLINTOCK, editor and publisher of the Muswellbrook Chronicle, a country *newspaper in a two-street coal* and cattle town, looks down the hunter valley from a local hilltop. The New England Highway winds past the huge Liddell Power Station—"there are 1,00 juggernauts a day going down there," he says, "and soon the railways will be running at over-capacity. They had better get moving with the infrastructure."

Muswellbrook — and the Hunter Valley — symbolise Australia's resources boom.

"What boom?" asks Sir Rod Carnegie, chief of the RTZ-controlled resources group, Conzinc Rio Tinto of Australia, *suggesting that Government* policies towards the mining industry, high interest rates, and a series of intolerable strikes have combined to flatten the upward growth curve.

But luminaries Dr Henry Kissinger, Mr David Rockefeller, Mr Clifford Garvin and almost every top Japanese industrialist have flitted in and out of the Hunter by helicopter in the last few weeks stopping long enough to learn that the boom is real and that not even poor planning, poor infrastructure, and poor industrial relations can stop it.

In the next five years, billions of dollars will be spent in this 51-mile wedge of land and stretching from Newcastle's *long established steel town, to* the empty foothills of the great dividing range. Within the valley feuds and power groups are emerging. Trade unionists disagree, conservationists argue, planners fight, and many of the people, shaken from their traditional way of life, seem bemused.

At the top of the valley, in Muswellbrook, rich graziers are giving up some of their farmlands to coal mining. On the hillsides, portable cabin camps are already being established, Arabian-style.

Soon the town will be ringed by open cut mines, bearing suburban names like Mt Arthur North, a scheme which will carve out up to 11m tonnes of coal a year, generating an annual wage bill of A$30m, most of which will flow into the local economy. Already pedestrian precincts are appearing, along with new restaurants and boutiques.

The benefits of course, will not be limited to Muswellbrook, to take Mt Arthur North alone, foreign exchange earnings from the export of the coking coal fraction will exceed A$40m a year, the Federal Government will collect about A$5m in taxes, while New South Wales state revenue will amount to about A$23m from coal royalties, payroll tax, port charges and railway freight charges.

At the other end of the valley, the Pechiney-controlled Tomaso aluminium smelter, now in the early stages of construction, expects to produce the same kind of cost benfit equation.

At 1980 prices, Tomaso Aluminium expects to be paying company tax of A$34m, on top

RICHEST STATE

NEW SOUTH WALES is Australia's richest and most populous state, with Sydney its beautiful and brash capital.

Sydney (population 3.5m), sprawls round one of the world's most spectacular natural harbours. It is Australia's biggest and most famous city and a flourishing commercial and cultural centre for the nation.

New South Wales, traditionally a rich farming area, and a centre of manufacturing, is in the forefront of the resources boom, with the rapid development of mines, power stations and smelters in the Hunter Valley, north of Sydney, inland from Newcastle.

CONTINUED ON NEXT PAGE

Queensland—the fastest-growing state

DOES Australia know how to handle the investment boom? Nowhere is the question posed more starkly than in Queensland, the country's fastest-growing state. For 20 years its leaders have been touring the world, proclaiming their philosophy of a welcome for all and development at any price. But now the boot is on the other foot—the state known for giving a free rein to companies is at odds with some of its largest investors.

A month ago, out of the clear blue skies of the Sunshine State, it presented firms involved in A$3bn of coal projects with a bill for A$149.5m to build the roads they will be using in their areas. "It changed the rules after the game was started," says MIM Holdings, long the state's largest mining company. More important, it changed the rate of return on projects. This has caused concern among banks abroad which are funding up to two-thirds of the mining and energy projects at the committed or final feasibility stage.

In many companies' view the Government "has gone over the hill," as Mr Michael Pinnock, the executive director of the Chamber of Mines in Brisbane, puts it. They are particularly sensitive because only in August the Federal Government introduced a levy on steaming coal exports, extended the minimum term over which mines could be depreciated from six to 10 years and announced it would extend sales tax to building materials.

"These changes reduced the rate of return on our new projects by one-tenth," MIM complains today. But the State Government is unrepentant. Dr Llew Edwards, the State Treasurer, insists that the projects are still profitable and investors are flocking to his door. "We believe the people of Queensland expected this move of us," he said.

The reasons for the road levy are not hard to find. The state's publicity about boom times has created a mood of euphoria and raised public expectations of the gains to be had. The Government is sensitive to opposition charges that it is selling Queensland short. Also, the Federal Government has been cutting down payments to the states, forcing them to look for new sources of revenue. The states cannot increase their net income by raising taxes, so Queensland has extended its traditional practice of bumping up charges for use of infrastructure such as railways and ports.

The very success of Queensland's drive for foreign investment is thus causing a new balance to be struck. It is one where companies are going to have to respond more closely to shifts of popular mood in a state which has long given them their head.

But equally they can expect a continuation of a number of the benefits they have had in the past, in particular the help of the pro-business administration of Premier Joh Bjelke-Petersen in lobbying in Canberra and political stability in Brisbane. Further, the Government is now setting out to reassure investors that the levy is not the thin end of an annual wedge. Dr Edwards says there will be no further impositions on companies and Mr Ivan Gibbs, the Minister of Mines and Energy, says he is re-examining the way permits are given so that companies will know exactly what they face.

To the questions why the levy was, in effect, retroactive and why companies were not warned it might come, he replied: "Why did you British not build London Bridge large enough to allow supertankers to pass under it?"

What causes the companies concern is the growing government take from their profits. Utah Development Corporation, which produces over half Queensland's coal, paid 71.6 per cent of the A$255m pre-tax profits it made in the first six-months of this year to the state and Federal Governments. A year earlier it had paid 65.2 per cent of A$219m pre-tax profits. Utah includes in its government payments the part of its huge rail freight bill which it estimates was pure profit to the state.

However, the Opposition spokesman on minerals, Mr Ken Vaughan, underlines that Utah's profit per ton of coal produced was a handsome A$7.44 per ton last year. In 1977 it had been as high as A$10 per ton.

All this causes many Queenslanders to react with scepticism to suggestions that the Government is throttling its golden goose. They certainly expect the odd project to fall by the wayside. This has just happened to one of the initial plans to develop Queensland's huge oil shale fields, Esso's Rundle Project, but here the problem is that current technology is not adequate to give a good return at current oil prices and the state's overall resources are just too large for there to be anything but optimism in the Jacaranda-lined streets of Brisbane.

Queenslanders talk big. Their state is twice the size of Texas—almost as large as West Europe—and there is a Texan ring to many of their claims as well as in their attitudes. Mr Bjelke Petersen, now 70, has lived in the Lyndon Johnson mould and is far more outspoken.

To Australians in the more "British" states of Victoria and New South Wales his rugged declarations on issues like South Africa have caused Queensland to be classed Australia's "deep north."

It is the state which has most dragged its heels in helping improve the wretched standing of many aborigines. This could lead to problems during next year's Commonwealth Games in Brisbane. It is also a state which has little compunction about allowing industry into some of its most beautiful areas. It has delayed classing the coral beauty of most of the Great Barrier Reef a protected marine park—because it wishes to allow oil drilling around the reef, according to the Opposition.

But such is the populist charisma of Mr Bjelke Petersen that, even without the help his National Party receives from the way electoral boundaries are drawn, there seems little immediate challenge to his rule.

Three factors have helped Queensland provide one-quarter of the new jobs created in Australia in the past decade. The first is the boom along its coast as this has been built up to cater for the tourists and pensioners attracted by its tropical climate and beauty. The second is the continuing wealth of its agriculture. The visitor who flies over the interminable barren inland scrub may wait hours before he sees cattle. But exports of beef earn Queensland around A$500 per year, as do those of cane sugar.

The third is minerals. The MIM's copper, lead, silver and zinc mines at the surprisingly attractive mining town of Mount Isa are among the largest such operations in the world.

The same is true of the Weipa bauxite mines on the state's north coast. The A$625m aluminium smelter at Gladstone is due to enter production next year. It is owned by Kaiser Aluminum, CRA, and a group of Japanese companies. The existing Queensland alumina refinery at Gladstone is also to be expanded.

Coal production this year should reach 35m tonnes, over one-third of Australia's total, but the mines have hardly scratched the surface of a seam as large as Britain. The Government forecasts that by the turn of the century Queensland mines, in particular in the Bowen Basin, will be producing 80m tonnes of steaming coal and 69m tonnes of coking coal. The states major exports clients are Japan, which last year took 15.1m tonnes, Italy 1.3m tonnes, France 1m tonnes, and Britain 9.8m tonnes.

Companies are committed to coal projects worth some A$1.8bn and a further A$1.2bn of projects is at the final feasibility stage. Major groups involved in committed projects include Atlantic Richfield, Broken Hill Proprietary, the Australian companies CRA (which Rio Tinto Zinc controls), CSR and MIM, Mitsui, the British National Coal Board, Shell and Utah. An impressive list that means whatever the recent ructions, Queensland seems likely to continue to set the pace for Australia.

David Tonge


The Premier of Queensland, Mr Joh Bjelke-Petersen. Right: mining at Mt Isa. Queensland has provided one quarter of the new jobs created in Australia in the past decade

PROFILE:
MICK MILLER

Radical voice

Mr Mick Miller, pres[...] of the Aboriginal [...] Queensland Coun[...]

MR MICK MILLER is described by Queensland officials as a "voice in the wilderness." But it is a voice which will soon be reverberating abroad as the Aboriginal activist tours Africa asking blacks to boycott the Commonwealth Games due in Brisbane next year.

"We have apartheid here in Queensland," he tells visitors to Cairns, a booming tropical holiday town in the north of the state sometimes known as Australia's "Deep north."

A forceful, collected figure, Mr Miller has long been a thorn in the side of the Queensland Government. Educatedo by Franciscan missionaries, he is one of the few Aborigines to finish teacher's training college. He was a school teacher for 17 years before resigning when the State tried to move him away from the local Aboriginal communities.

In retrospect, that attempt may have been a mistake for Brisbane, as it gave Mr Miller the time to step up his campaign for Aborigines to abandon their passivity towards the whites who, three generations ago, had used to hunt and poison them.

Disease and alcohol continue to take their toll of the people who had Australia to themselves for 40,000 years. In the past 15 years or so there has been a gradual if steady improvement in their legal status.

In 1973, in the heady early days of the Whitlam Government, Mr Miller was one of three Aborigines elected to carry through implementation of a new deal for the country's at least 200,000 blacks. But that process was gradually frustrated, or so the Aborigine activists say, and the new mood was evidenced when a national campaign to tackle the appalling trachoma problems of the Aborigines) was suspended in Queensland on the pretext that Mr Miller had been campaigning for the Labor Party during working on it.

It is a sad list of problems which he relates: of an education system unsuited to Aborigine needs and devoted to "making us good black Europeans;" of unemployment and jail rates eight or so times the national average; of police harrassment; of venereal disease affecting up to 90 per [...] reserves such as Yarra[...]

In Mr Miller's book, [...] lying all of these iss[...] the question of land [...] Queensland Governme[...] fuses to allow Abo[...] freehold rights to land [...] reserves set aside for t[...]

"They don't want fr[...] rights," says Mr [...] Killoran, director of t[...] partment of Aborigina[...] Islanders Advancement [...] his largely white-staffed [...] in Brisbane. But repr[...] tives of the Torres Isla[...] one of the original gro[...] Australia, and nur[...] Aborigine sdo argue f[...] right, even if some of [...] more conservative [...] representatives do no[...] tainly, the North Quee[...] Land Council, of whi[...] Miller is head, is out[...] on the issue.

Despite problems els[...] over uranium finds on [...] gine lands, Aborigine[...] unexpected allies in the [...] of many mining compa[...]

"When we deal dire[...] the Aborigines there [...] problems," says Mr [...] Pinnock, executive d[...] of the Chamber of M[...] Brisbane. But the Que[...] Government insists fir[...] with its Aborigine [...] ment.

Mr Miller's radic[...] proach causes conce[...] some Aborigines, but [...] the process of organis[...] Aborigines as a long a[...] is pressing them to [...] on electoral rolls and [...] visited, had just spent [...] helping them vote [...] munity elections. It is [...] cess he intends to co[...] He believes the Abo[...] have to contest every [...] state and federal elec[...] they are to be lister[...] And the younger gen[...] appear increasingly t[...] him on this.

David [...]

PROFILE: NEVILLE WRAN

An ideal leader

Mr Neville Wran, Premier of New South Wales

NUMBER PLATES in New South Wales, the oldest and most prosperous state in Australia, all bear a sun-coloured plate referring to "The Premier State" But since Neville Wran, a consummate politician and former barrister took over, wags have labelled it "The Premier's State,"—a reference to his dominance and widespread popularity which last month earned his Labor Government a second term of office.

Wran's opponent, Bruce MacDonald, now dropped by his own Liberal Party, called him "Australia's number one socialist." He could not be further from the truth. Even a man as right-wing as Lang Hancock, iron ore baron, has said publicly that he believes Wran would make an ideal Federal Prime Minister.

"Neville has never done anything much except tread water," says Hancock. "But he is an ideal leader."

The reason for Wran's success is his ability to get along with everyone and to convey the impression that while he cares about both private and public squalor, he does not merely want to put this right at the expense of the captains of industry.

His nickname, both among friends and foes alike, is Nifty and it is not undeserved. He is in his element, svelte and urbane, at a lunch in the Regency rooms of a Post hotel, talking to bankers. But at afternoon tea with bishops and curates he could even be a priest himself—while, at night, in a working man's club, he calls on his childhood background, being the son of a seaman, to understand the feelings of trade unionists.

Neville Wran is contemptuous of the concept of governments that seek to change the world overnight in 10 easy stages. He rejects the advice of those who say his duty is to press through adventurous socialist reforms while he has such a large majority.

Keeping the churches on his side—or businessmen or, indeed, any other powerful group,—is as important to him as catering or the demands of the trade unions. To Wran, the electorate is not a partisan group: every member of the public is a potential Labour voter.

Wran surrounds himself with bright people, and good advisers. He has an eye toward minimising the problems that affect the masses—public transport in Sydney, for instance, is heavily subsidised and very efficient, although it is probably more used by the middle classes and the well-to-do, than by those living in industrial satellite towns, outside the metropolis.

Wran denies that he plans to move from state to Federal politics—but no one quite believes him. At the moment, there is no reason for him to quit his attractive power base at state house in Sydney, and his elegant and expensive home in the fashionable inner suburbs of Paddington.

If Labor falls next time to Mr Fraser, however, a move by Neville Wran to Canberra would seem almost inevitable.

Colin Chapman

New South Wales

CONTINUED FROM PREVIOUS PAGE

of income tax payments made by employers and related

The company estimates that when the smelter gets under way about 700 new houses will be required. As a result land prices in nearby Lemon Tree Passage have risen 150 per cent in a year.

"A man with a Rolls-Royce and A$100,000 to spend is coming here in half an hour," said a sunburnt real-estate agent, sitting in a deck chair outside his office, "and I have nothing to offer him."

It is much the same story bacwk at Muswellbrok. In 1976 there were only 11,520 people in the shire. By 1991 this is expected to grow to 22,376, of which the majority will be within the town itself, which will have to double in size in ten years. There has been considerable property speculation, and the state has had to compulsorily purchase land to check it.

This has occurred at a time of record mortgage interest rates and an acute shortage of fuds. Also, of course, in demand is a major increase in everyday activities — road, railways, schools, hospitals—to cater for the expansion of the valley population from 450,000 to half a million.

What makes the situation more difficult from other large scale mining developments across the world or elsewhere in Australia is that, in the case of the Hunter, the new has to be grafted on the old.

Most of the valley, particularly the coal towns close to the mouth of the river and the steel city of Newcastle, comprises one of the oldest established industrial in the country, and in any event is only 100 miles north of Sydney, the nation's largest and most expensive metropolis.

This creates social tensions as new migrants move in, often earning much more money than those established. Another problem is the issue of who should actually pay for the infrastructure.

Burden

According to a study unveiled last month at an Institute of Urban Affairs conference on the problems of the Hunter, neither State nor Federal Government is paying for the rapid development it is promoting. The study showed that the true burden is falling on existing residents, with local councils being forced to spend almost A$7m more in the past five years than would have been required if development had not gone ahead.

Those in charge of co-ordination, such as David Eason, the senior co-ordinator for the Hunter, based at the NSW Government Offices in Sydney, wear a constantly erumpled look, and their phones never stop ringing as they attempt to tie together the work of Federal, State and Local Government activities with mixed success.

"There is no way you can have a fixed plan," says Mr Eason, "It must be conceptual. It is something that must grow and be updated regularly."

He is probably right. Changing interest rates, a cut in Japan's steelmaking plans, which reduce the demand for coal, a slump in the world aluminium industry, a rapidly rising Australian dollar, and a host of other factors which change almost daily slow or speed up the pace of development. The expansion of one smelte is cancelled, the rebuilding of another is put on ice.

But the picture in the Hunter is a microcosm of what is happening across Australia. Old protected industries are under threat: new ones are growing up in their midst, or close by, as Professor Cyril Renwick, who runs the Hunter Research Foundation from a group of restored wool sheds, near the Newcastle Docks, puts it: "The hunter is a model Australia. What is happening here is going to have to happen throughout the country. How we work out all the problems will be the guideline for all of Australia."

Colin Chapman

Cautious optimism in S. Australia

THERE is a world war with nuclear weapons, South Australians would seem more likely to survive than most other human beings.

The state (nearly 1m sq km in area) is the driest in the driest continent on earth, and strategically quite unimportant. Yet South Australia's 1.3m citizens, most of whom live in the capital, Adelaide, on the soft-sandy shores of sheltered St Vincent Gulf, enjoy a Mediterranean climate and one of the world's highest living standards.

Average weekly earnings now approach A$280 per worker and there is nearly one car or station wagon for every two persons. For those with jobs, life is good and poverty of a type familiar in the older world, is unknown.

Settled originally by the British in 1836, South Australia (SA) possessed an agriculturally-based economy for its first 100 years. World War Two and a post-war boom directed by a remarkable, long-serving premier, Sir Thomas Playford, turned it into the fastest-growing state in the nation, with the second highest secondary industrial production a head.

The boom petered out in the 1960s and Sir Thomas yielded power to a reformist Labor Party, led by the charismatic young lawyer, Mr Don Dunstan, who saw himself as a modern Pericles astride a city sometimes if pretentiously, described as "the Athens of the south."

Dunstan's decade of power ended in 1979. By then, the formerly strait-laced community where murderers were *still hanged, where lotteries* were illegal and hotels closed at 6 p.m., had become a modern libertarian society in which homosexuality had been legalised, hanging and censorship abolished and sex shops and pornography thrived.

The arts also flourished, expenditure on education and welfare had been sharply increased, and the poor, the weak and under-privileged enjoyed a new and better deal.

Paying for all these blessings became gradually harder for taxpayers, and a pro-private enterprise state government was voted back to office in 1979.

It is still struggling to re-establish the prosperity of the Playford days. The boom of the '50s and '60s was powered by demand for white goods, such as washing machines and refrigerators, and a vigorous automobile industry whose products were in demand by a population expanding at between 2 and 3 per cent a year. South Australia made most of these products.

Population growth rates have now slowed throughout Australia and the accompanying ageing processes have resulted in changed consumption patterns. Secondary industry in SA has been particularly hard hit and, until now, no significant mineral resources have replaced manufactured goods as income earners.

One consequence is that unemployment has risen to 8.9 per cent, the highest rate in Australia. *The state has also* begun to lose population to other states. Workers are estimated at present to be migrating over the borders in *search of jobs at a* rate of about 7,500 a year — almost the number by which births exceed deaths annually in SA.

For the future, the prospects are conflicting.

A Federal Industries' Assistance *Commission has* recommended lowered tariffs and other motor industry rationalisation measures after 1984 which both employers and workers agree could cost up to 30,000 jobs in SA.

It would be such a devastating *blow to the entire* economy that it is thought the Federal Government will find it politically impossible to *fully* adopt. But 5,000 jobs in the motor industry in SA have already been lost in the past five years and the erosion process is expected to continue, despite intense trade union and other pressures.

There are, *however,* important off-setting prospects.

In the Cooper Basin, 500 kilometres north of Adelaide, huge reserves of oil and natural gas are being developed by an Australian-owned company, Santos, and a number of associated companies, including American interests. Proven gas and liquid *reserves have been* conservatively valued at A$3.2bn; oil and condensate production is scheduled to begin in 1983.

Oil reserves are estimated at 36.7m barrels and much more is expected to be found. An *initial A$300m contract* for the supply of natural gas to Japan was signed recently.

To process liquids from the Cooper Basin and produce liquefied *petroleum gas (for* domestic and export markets) and condensate and crude oil (for domestic refinery feed stock), a A$750m fractionation plant near Whyalla, on Spencer Gulf, is being planned.

Discovery

The other major hope for SA's future prosperity rests on the recent discovery of one of the world's major new copper ore bodies at Roxby Downs, also in the northern part of the state.

The main ore body contains an *estimated 750m tonnes of* ore averaging grades of 1.5 per cent copper and 0.7 per cent kilogrammes a tonne of uranium oxide. At current prices, the inground value of the deposits estimated at about A$60bn.

The Western Mining Company and BP Australia are now spending A$60m to delineate the new deposit, which the State Government says could lead to a new town of 9,000 people within five years.

A political question mark hangs over the entire project, however.

The Australian Labor Party *opposes the mining of* uranium and the copper at Roxby Downs cannot be mined without also mining the associated uranium.

A State election could be fought within 12 months on this issue. If the present Tonkin Liberal Government wins, Roxby Downs will go ahead. If it loses, the state's recovery from its present economic difficulties may take longer than now expected.

Whatever happens, SA should remain a pleasant place in which to live. The state's pastoral and agricultural industries are thriving and income from beef, wheat, barley, citrus fruits, mutton, lamb, wool, dairying and other primary products last year exceeded A$1.25bn.

In addition, the state produces 55 per cent of the nation's wine. There are currently *17m sheep; the profitability* of wool and meat is being underpinned by the live sheep trade with the *Middle* East. This trade began in earnest only in 1975. By 1980, nearly 2m sheep a year were being exported.

To sum up, the future prospects of South Australia clearly rest heavily on its new natural *resource discoveries.* As Premier Tonkin points out, investment in major mining and manufacturing projects has grown from A$300m in 1979 to a firmly committed A$2.9bn this year.

There are dark spots, as indi*cated, but many large and* successful industrial firms, both in Australia and abroad, appear to be optimistic about their chances of participating in a major resource boom in the coming decade.

Stewart Cockburn

N. Territory 'the last frontier'

HE Northern Territory has ong been Australia's disused addock. While economic deelopment has continued since 1 southern states this 1.3m 1 km area has lain fallow, existing in comparative isolation rom the rest of Australia.

Harsh climatic conditions and emoteness from southern population centres have produced in ie 160,000 inhabitants of the orthern Territory a unique ense of identity.

While the Territory's Chief Minister, Mr Paul Everingham, ays "the population is primarily Australian," his government is drawing upon a common survival device of many egional leaders in Australia by *promoting parochialism.*

Territorians, as many wish to e known, cherish the idea of ving in Australia's last rontier where personal success s proportional to ambition and where a new brand of Australian egalitarianism exists.

The Territory's white comunity enjoys a high standard f living, most people residing 1 suburban bungalow developents on the outskirts of Alice prings, Tennant Creek, Katherne or the capital and by far e largest city Darwin with a opulation of 50,000.

The informal dress and ehaviour of the capital's residents soon strikes the outherner—anyone from one of e eastern capitals. The tropial nights—an average annual emperature on a monthly basis f 28 deg—brings people toether for beer and barramundi, plentiful fresh-water fish, round a backward barbeque. popular weekend pursuit is camping trip to a nearby river r waterhole.

In a nation of legendary beer rinkers the Northern Territory olds the record—230 litres per ead of population a year.

The climatic conditions are ore conductive to group outoor activities than cinema or eatregoing.

Two such outdoor events, which a government tourist rochure describes as zany, are e annual beer-can regatta and e Henly-on-Todd boat race. The beer-can regatta, or perhaps ore appropriately the alumiium armada, features a race etween boats made of beerans and capable of holding 20 dults. The event inevitably oncludes with a round of plundering before an *apprecia*tive crowd of residents and tourists. The other aquatic event takes place near Alice Springs, 1,250 kilometres south of Darwin, when the dry banks of the Todd river are trampled over by teams of men who *stand in bottomless boats* and race over 200 metres.

Darwin is a modern city reconstructed on the rubble left when Cyclone Tracy virtually levelled the city on Christmas Day 1974. The administrative and commercial centre of the city consists of wide, palm-lined streets which at this time of the year are adorned by tropical plants such as blossoming bougainvillea.

Territorians have developed an acute awareness of their proximity to Asia, with Darwin projected in the region as the "Gateway to Australia." The state's emblem is the buffalo, an animal introduced from Asia by early British settlers. Vietnamese, *Cambodian and Laotian* refugees have strengthened the heterogeneous nature of Darwin's population by settling in comparatively large numbers in their first landing point in Australia.

Older residents still remember the February 1942 morning when Japanese Zeros bombed the city and the fear felt during the '60s about possible expansionist ambitions of President Sukarno's Indonesia.

Since achieving self-government in July 1978 the Everingham Government has attempted to turn this geographic reality into an economic windfall by concentration of establishing *strong trading relations* with ASEAN countries.

Mr Everingham, being a vigorous proponent of free enterprise, feels philosophically at one with ASEAN leaders such as Singapore's Lee Kwan Yu. There is a feeling among Government officials that these leaders also want to get on with the job free of bureaucratic *snags.*

Population

The economic logic of the policy is summarised by the often quoted fact in the territory that within a 2,500 mile radius south of Darwin there are 14m people, while in the same span north there are 220m people.

The long-term hope is that the Northern Territory will become *an important contributor to* South East Asia's food bowl and that Darwin will become Australia's principal port to Asia.

Meat exports form the basis of the trading relationship with ASEAN countries, particularly Malaysia and Singapore—largely responsible for a growth in sales from A$18.7m to A$39.92m in the last financial year.

Before self-government the Northern Territory was ruled directly from Canberra with a federal minister responsible for its affairs. In these years it was seen in strategic terms as the nation's first line of defence against the teeming millions to the north.

The territory's government is now vocal in its criticism of the Federal *Government's policies,* claiming that it was deprived and neglected at the expense of the southern industrial centres.

With characteristic frankness the Chief Minister recently put his position on the question firmly on the record: "What we (his government members) are after is a better deal for the people at the pointy end of the stick and not in the tariff-protected flesh pots of Melbourne and Sydney."

The most recent statistics show that 10 per cent of the workforce is unemployed. However, Mr Marshall Perron, Deputy Chief Minister and Treasurer, says this figure includes a large number of aborigines who are living in a tribal or semi-tribal state.

This comment highlights an important division within the Northern Territory society and indicates that the Government measures its success not in *offering work to permanent* black residents but rather in its ability to attract southerners. *While Mr Everingham* speaks of an egalitarian society in the Northern Territory he also freely admits that there exists a clear social division based on colour.

Slightly over 25 per cent of the population is aboriginal and until the introduction of aboriginal land rights in 1976 were largely dispossessed of their land. Today they control 25 per cent of the Territory and have a further 23 per cent under claim.

The Government's strong *promotion of mining* has brought it into conflict with many aboriginal and white *groups and land rights of* aborigines remains the Territory's most thorny political question.

The Northern Territory contains 20 per cent of the Western World's known *uranium reserves, most* of which are located on aboriginal lands, and the Government is using the exploitation of these reserves as the foundation for future economic growth.

Aborigines receive royalties from uranium sales from the *two producing mines arrived at* through negotiations between the Northern Territory Lands Council, the Federal Government and the companies concerned.

Ray Bashford

Commercial crocodile farming

MR MALCOLM EARDLEY, the manager and part-owner of a Northern Territory crocodile farm, had cause to call the United States National Alligator Association.

As he explained to the gentleman in Florida, the teeth of his baby crocodiles were falling out — and he needed advice.

The American was familiar with the problem and diagnosed it as being dietary in nature: the chicken they were being fed was lodging between their small teeth and causing decay.

As with so many other prob*lems he has* encountered while developing the farm to where he has 700 crocodiles in captivity, Mr Eardley reverted to bush ingenuity for the solution.

"Well, I reckoned the only thing I could do was to brush *their teeth with a tooth brush* and toothpaste," he explains.

He did this — and is now happy to report that they are growing into healthy little man-eaters.

The 40-year-old territorian plans to increase the popula*tion to 12,000 during the* next five years and to turn the farm (located 20 miles south of Darwin) into a tourist attraction with meat and hide sales *as additional income sources.*

This is the first attempt at commercial crocodile farming in Australia and the economics of the venture are *shaping well. Restaurants in* southern capitals have expressed interest in buying the meat at A$6 a pound: tanneries in Germany, France and Italy are keen potential buyers. Facilities are being *constructed* to cater for 120,000 *tourists* a year, each paying A$3 admission.

Fried in a light batter crocodile tastes like prawn but has the fine texture of veal, says *Mr Eardley.*

Asian countries are willing buyers of the meat and certain sections of the animal are considered by some Asians to have aphrodisiacal qualities. Mr Eardley shows keen interest in this recently learned *fact and adds: "My* mates reckon that if its true about *these aphrodisiacal powers,* it won't be leaving Australia."

Some of the smaller croco*diles (up to six feet)* are hand-fed and to date Mr Eardley has received only one injury: a tooth through his index finger. The stable diet of the adult crocodiles is "spent" chickens from his adjoining poultry farm.

"I like working with them. They're good animals. You can get to know them, but a *nine-footer will have a go at* anyone. So far, I haven't lost any staff."

Mr Eardley had great difficulty in arousing bank *support but* the Northern Territory Development Corporation saw the potential and loaned sufficient support to carry the A$1.3m venture to the stage where it is five months from completion.

There was no trouble catch*ing breeding stock. Since the* Northern Territory Government placed a ban on the killing of crocodiles in the wild, their numbers have swelled *dramatically.* Mr Eardley estimates that there are 200,000 fresh water and 50,000 salt water crocodiles in the swampy estuaries of the Northern Territory.

Their increasing numbers around the city of Darwin is *the cause of some local con*cern for residents, however. Last year, a city worker was driving home to his suburban bungalow when he ran over a three-foot crocodile which was traversing the main arterial route out of the city.

*Wits in the city are suggest*ing the establishment of crocodile crossings.

Ray Bashford

AUSTRALIAN COMPANY ANNUAL REPORTS

The following Australian company reports can be seen on today's International Company News Page:

CRA	BORAL
MOONIE OIL	JAMES HARDIE
GREENBUSHES TIN	BRIDGE OIL
CSR	TNT
LEND LEASE	SANTOS

Where all the boom rhetoric is reality

SIR CHARLES COURT has the drive to set the mood—economic and general—in Western Australia. Even his opponents concede he is the most dynamic Premier the state has produced.

Those who like his two-fisted style applaud his jousting in public with the Prime Minister, Mr Malcolm Fraser, on money matters. Those who do not claim he will always be a politician and never a statesman.

But they still like his independent spirit and his determination to have mined and processed the great mineral riches that the 1m sqare miles of Western Australia's territory possess.

The mood of the state is optimistic—partly because Sir Charles tells the people it is but also because the people genuinely believe he has set great things in train. Hard-headed businessmen from other parts of the world quickly identify this mood.

Clearly Sir Charles is determined to press on with development despite the Federal Government's tight money policies and restrictions on state access to loan funds. "These make our task harder," he said, "but they will not prevent us getting on with the job.

"Some Federal politicians and Treasury officers seem to be terrified that we might make Australia too rich—a state of mind that mystifies me. Here in Western Australia we are not looking for money for froth and fancy dressing but for good solid development that will enrich Australia and Australians."

Another pointer to his independence is his attitude towards overseas investment. "With only 1m people in a state the size of India, we have to be internationally oriented," he said. "We could produce Australia's need for food, fibre and minerals over the weekend. . . ." That is typical Charles Court rhetoric but he means what he says.

A case in point is his attitude to power, which is one of Western Australia's great needs for its development programmes, particularly in mineral processing. An indication of the state's commitment to power generation is that the State Energy Commission was allocated more than 40 per cent of the total capital works budget for 1981-82.

The next big power plant to feed into what will be a massive grid in the southern half of the state will be built at Bunbury, a key port in the south-west.

Sir Charles said: "This project is currently under the cloud of Federal money policies but we will get it built even if we have to get private enterprise to do it for us." Talks have already been held with a South Korean group, International Chemical Corporation, about the plant.

One of the things that makes Western Australians feel optimistic is the knowledge that they are among the most productive people in the world. Western Australia goods valued at A$3.8bn in 1980-81—about A$3,000 for every man, woman and child in the State. In the national context Western Australia has 8.7 per cent of the population but earns more than 20 per cent of Australia's export income.

Despite subdued world markets for some of the major minerals produced in WA (including alumina, iron ore and mineral sands) the value of mineral production rose by 12.8 per cent in 1980-81 to an estimated A$2.7bn. Iron ore was responsible for more than A$1bn of this and was the major income-earner, even though early in 1981 Japanese steel mills reduced imports from the Pilbara to only 60 to 70 per cent of the contractual obligations.

WESTERN AUSTRALIA

ATHOL THOMAS

There was an 8.1 per cent increase in the value of alumina production to A$483m. Nickel production increased by 39.4 per cent to A$368m, gold by 5.2 per cent to A$168m and natural gas and petroleum by 27.2 per cent to A$300m. The only significant setback was in mineral sands—down 16.5 per cent to A$72.8m because of a fall in world demand.

A survey of major mining and manufacturing investment projects has shown that a total of $A11.5bn—or almost a third of that projected for Australia as a whole (A$35.5bn)—is located in Western Australia. This is substantially above the state's 8.7 per cent population share.

Other indicators point to a faster growth rate in Western Australia than in the nation as a whole—with population, employment, new motor vehicle registrations and the value of non-residential building (57.7 per cent higher than in 1979-80) all increasing above the national rate in anticipation of better things to come.

These Treasury figures are reasonable grounds for optimism but it is certain that, with rising wage pressures following the abandonment of national wage indexation, Western Australia will share with other states apprehension about its international competitive position, future investment and the development of major projects.

Direct action following wage demands would do little to improve WA's poor record in the Pilbara, the source of its major income-earning mineral. The 1.75 per cent of the state's workforce employed by the five iron-ore producers was responsible for half the time lost in strikes last year—166,000 man-days.

With the demand for iron and steel relatively slack at present Western Australia is now looking to the impetus that will be given by the North-West Shelf gas development.

The project is under construction at a cost of A$5bn, with a further A$7bn expected in later stages. The project will provide natural gas, condensate and liquefied petroleum gas for the West Australian market from 1984, and 6m tonnes of LNG for export to Japan from 1986—earning Australia about A$1bn a year export income.

The project creates the possibility of a petro-chemical industry in association with solar salt and the heavy use of caustic in alumina refining.

Gas deposits in the north-west also create the possibility of a steel industry in the Pilbara iron-ore fields using the latest technology in the direct reduction process, which substantially reduces the scale and capital cost of a steel industry compared with the blast-furnace method.

Processing thus becomes a key word—with power in turn the key to processing.

Design work is being finalised on (and tenders called for) the construction of the Dampier-Perth gas pipeline, which has an estimated total cost at June 1981 prices of A$670m. Construction is expected to begin in the first half of 1982, with the first delivery of gas to the West Australian market in the second half of 1984.

Power capacity is being increased in the south with the aim eventually of establishing a grid system that will join the Pilbara, the south-west and the goldfields. The aim is a system that will put Western Australia on cost-comparable footing for mineral processing.

Major projects under construction in the south-west include two alumina refineries (at Wagerup and Worsley) that are expected to make Western Australia the biggest alumina producer in the world, producing half the Western world's output. The Wagerup project (to cost A$320m) is expected to come on-stream in the first half of 1982, Worsley (which will involve A$1bn) in mid-1983.

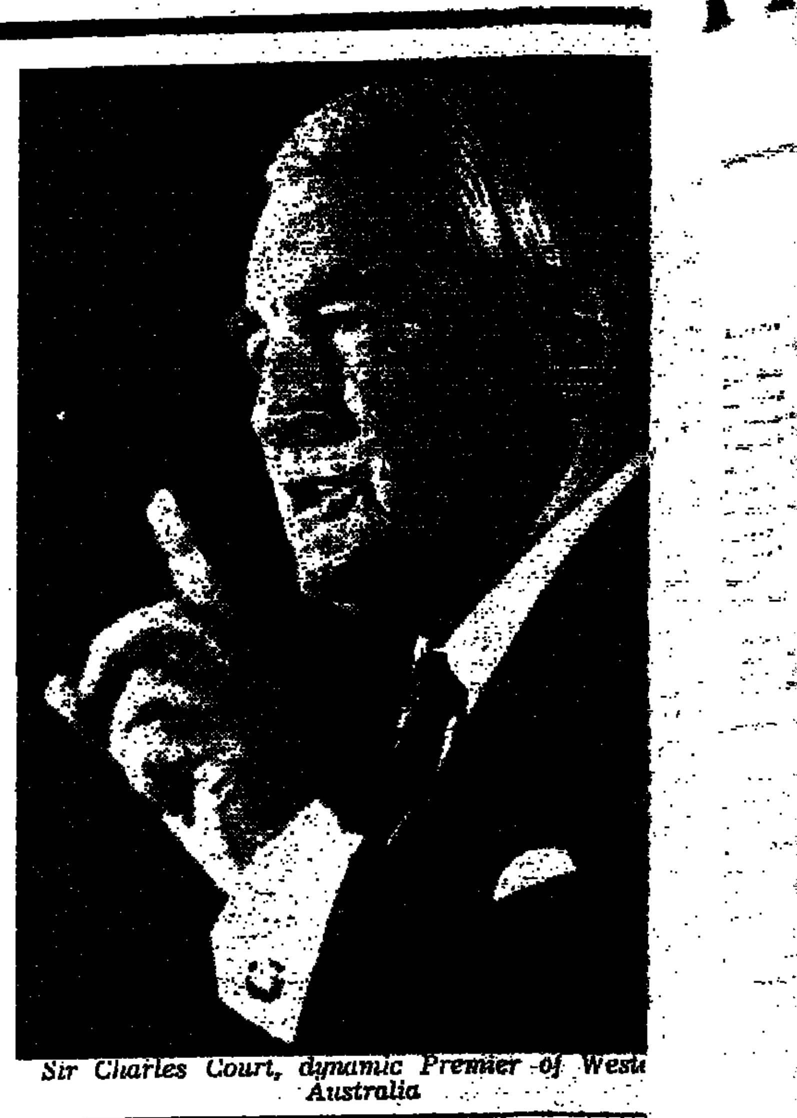
The state government is also considering submissions relating to aluminium smelters. It would like to have one operating within five years and another by the end of the decade. Adequate power (gas and electricity) at an acceptable price to the developers is a critical factor.

The glitter on all this promise is provided by the Ashton Joint Venture diamond finds at Ellendale and Argyle in the Kimberley—now thought to be capable of providing up to 50 per cent of world diamond production, or diamonds worth A$660m a year at the latest estimate. Development could involve investment in the range of A$200m to A$400m.

Processing in this area is also regarded by the Western Australian government as a prerequisite to a development agreement with the joint venturers.

Sir Charles summed up the situation in this way: "West Australians don't think they are the threshold of big things—they know they are right in the middle of them, with bigger things to come. Our transformation from a stagnant backwater two decades ago to a major world supplier of food, fibre, minerals and energy is a remarkable thing, achieved because we had faith in ourselves and we were able to convince others we could deliver the goods."

That, too, can be classed as Charles Court hyperbole. On the other hand, most of it has come to pass. It is hard to find fault with optimism that in the end is borne out by results.



Sir Charles Court, dynamic Premier of Wes[t] Australia

Anxious eyes on an icy neighbour

THE MINERAL boom Australians view with most foreboding would be in Antarctica. Coal and iron ore have already been located in their icy neighbour and at least three areas of it have sedimentary basins of the sort where oil is often found in the Weddell and Bellinghausen Seas and near the Lambert Rift.

But suggestions that Antarctica will be the new Saudi Arabia, as one oil executive has forecast, send shivers down the spines of officials in Canberra.

Since it claims nearly half the 13.5m sq km of Antarctica Australia might be thought keen to jump on the sleigh of developing the often forgotten continent's resources. But there are two reasons why officials approach with deep caution the present drawn-out lingshausen Seas and near the mineral regime for Antarctica.

The first is because of the risks involved in extracting minerals in this frozen area. On land companies would have to deal with ice moving at up to 1 km per year. At sea the icebergs found in the world's most stormy seas are much too big to be towed by tugs. They are also liable to scour the seabed, snapping any drills in conditions of wind, cold and sea which could make capping virtually impossible.

An accident offshore would threaten the rich stocks of fish and the shrimp-like krill in the Antarctic Ocean. Any upset onshore would affect the amount of sun reflected by the ice. This could lead to massive melting of an icecap large enough to cover the smaller continent of Australia with a mantle 2 kilometres thick and raise world sea levels by 20 ft.

The second reason is taken just as seriously in Car[berra]. This is that Antarctica i[s Aus]tralia's only neighbour w[hich is] demilitarised by treaty[,] officials do not wish t[o] change. For the past 22 [years] the world's coldest and [most] hostile continent has bee[n one] of the few parts of the [earth's] surface where the super[powers] co-operate.

But the 1959 treaty on this co-operation is [based] depends on the 20 co[untries] involved continuing to [turn a] blind eye to the variou[s terri]torial claims to Ant[arctica]. Countries like Arg[entina,] Britain and Chile have been able to sort out thei[r over]lapping claims.

The discovery of an El[dorado] could upset the convenie[nt fan]tasy involved in shelvin[g] disagreements. It coul[d] cause other countries to [claim] that the minerals of Ant[arctica,] like those on the deep [seabed,] are part of the "commo[n heri]tage of mankind."

Debate has so far [been] restricted to the broad [prin]ciples of a mineral r[egime.] Countries continue to [observe] the indefinite ban on m[ineral] exploration and explo[itation] they accepted in 1977. [But] this was agreed "pending negotiations" and a num[ber of] countries are concerned [that] the new U.S. Administ[ration] might question the ban i[n the] same way it has challeng[ed the] draft UN Law of the Sea[. The] issue is to be discussed in [Wel]lington, NZ, early next yea[r.]

A meeting in Buenos [Aires] four months ago to revie[w the] treaty went by without threats to the ban. Unt[il] concerns are set to rest [Aus]tralia hopes it will stay [that] way.

David To[nge]

Old lags' island lags behind the mainland

YOU HAVE to pass a sign for the River Styx to reach the wildernesses of South West Tasmania. But once you have done so—and also been warned to watch out for wallabies, and then driven into the silence of the great grey gum forests, it becomes easy to understand why the Tasmanians are battling over the future of their mountain fastness.

A key question is whether between 9 and 16 per cent of this wilderness be flooded for a A$335m power dam, as the Government and the Hydro-Electric Commission (HEC) argue.

Or should the island build a coal-powered plant elsewhere and save its world heritage park, its Aboriginal remains, and the habitat of 18 rare plant species and of curious animals, such as the broad-toothed rat and the orange-bellied parrot?

At the moment, the 420,000 islanders do not have the choice. A referendum, due this month, is to offer them two alternative schemes involving flooding stretches of the wilderness.

The battle is not yet over, however. It has caused one minister, the personable Mr Andrew Lohrey, to resign; it has threatened the credibility of the State Government, set the ruling State Labour Party at odds with its federal spokesmen, and begun to embarrass Canberra. A A$450,000 report to the state and federal governments opposes a new dam, and has been kept under wraps.

More seriously, the dispute has broadened out to question the island's whole development strategy. The cheap hydro-electricity, provided by some of the earliest power dams in the world, under-pinned Tasmania's past prosperity. It helped to bring textile plants and an aluminium smelter to the island—the 117,000 tonne per year plant of Comalco, a 45 per cent subsidiary of Kaiser Aluminium and Chemical.

Now rising interest rates, a particular problem for capital-intensive projects such as hydro-electric plants, are taking their toll. Interest charges account for over 40 per cent of the HEC's budget. Electricity prices have begun to exceed those on the mainland. The island's population is beginning to ask why 183,000 smaller electricity customers should pay so very much more for their electricity than the big 15.

The anxieties of many businessmen were expressed in a recent report which argued that "the present power-pricing policies of the HEC are inhibiting economic development as new and growing industries are required to subsidise the cost of power to old established bulk consumers."

The report is by Mr Shann Turnbull, a management consultant and electrical engineer, who used to work for HEC — and ski for Australia. It has been dismissed by some officials as "worthless," but it raises some serious questions which have now become the platform for many "greenies."

TASMANIA

DAVID TONGE

HEC officials can only react with frustration, for they have been bound to silence by the Government, but they reject the accusation that the householder is subsidising the industrialist.

The outcome of this dispute will decide whether Tasmania will indeed be "on the threshold of developing (local) coals as a major component of its energy base," as Dr Julian Amos, the State's Minister of Energy said before the recent row. Today he favours a dam. It will also influence whether the island can cease to limp behind the rest of Australia.

Its average income is about 10 per cent below the national average and, despite large grants from Canberra, its growth is lagging and unemployment is nearly 9 per cent, compared with a national figure of 5.8 per cent.

"Tasmania is a disabled, unlucky state in a lucky country," says Mr D. Harlem, president of the Tasmanian Chamber of Industry. The visitor may find this view hard to realise. The power-boats parked on trailers in up-state cottage gardens and the flotilla of yachts that each weekend sets out on the glorious waters of Hobart's Derwent Estuary, are indications of what is already a good life. It does indeed seem a cross between Treasure Island and tourist isle, as the tourist books and car number plates would have it.

On the mainland, Tasmania is not always taken seriously. It housed some of the worst convict settlements.

It is often seen as a backwater whose main claims to fame are the Tasmanian devil and the Tasmanian tiger. The first, a type of polecat, can be seen. The second, more like a hyena, is as extinct as the Loch Ness Monster or Abominable Snowman and is sighted as often.

Mr Harlem's gloom is right to the extent that he was referring to the problems caused by this year's shipping strike which for two weeks cut Tasmania off from the outside world, and to the difficulties of the local textile and engineering industries. But he is strongly challenged by Mr Doug Lowe, the electrical trades unionist who has been premier since 1977.

"We exported to 100 countries last year," he says, claiming that export earnings per member of the labour force were about 25 per cent above the Australian average.

He insists on the high quality of the island's labour force, the tradition in Tasmania itself of stable labour relations, and the fact that the island's minerals are relatively unexplored by modern survey methods. He also underlines its existing resources.

The island's strengths include:

Agriculture: Two-thirds of Australia's hops and four-fifths of its frozen vegetables come from the rolling down-lands of Tasmania, as do opium poppies for pharmaceuticals, and a fine merino wool.

Forest Products: Tasmania, though only the size of Scotland, contains 25 per cent of Australia's rain forests, produces most of the country's newsprint and has large paper, pulp and chip-board plants.

Minerals: Reserves include the 1bn tons of iron ore at Savage River, the huge tin mines at Renison Bell, and zinc, lead, silver and tungsten deposits. New reserves of coal have recently been found.

Metal Processing: Comalco processes bauxite from Weipa in Queensland and Electrolytic Zinc has a plant at Rosebery Mill.

Tourism: Tasmania earned $160m from this last year and is marketing its variety with vigour.

So will Tasmania prosper? History has already given some answer as its share of the nation's wealth has slumped through the years. But it remains a delightful place to live in and to visit.

Many argue that to help tourism it needs to open its wilderness to travellers rather than to the island's 25th dam. A decision has to be made on the course it will follow in the 1980s. Four years ago the report for Canberra on industry in Tasmania by Sir Bede Callaghan concluded:

"Stated simply, Tasmania's major problem is that is an island state in today's world and in the world of tomorrow." It has attracted a mere 1.5 per cent of the A$36bn worth of projects now seriously on Australia's drawing boards. Many Australians feel it has yet to show it knows how to deal with the implications of this.

TV LICENCE FEES

The money programme

By Arthur Sandles

HEN THE next four weeks price of the colour television licence in Britain will from its present £34 a year £45, or £48, or £50, or . . . speculation is likely to be inerable, but then so is the entage rise, whatever the finally suggested by Mr liam Whitelaw, the Home etary, and agreed by Mrs cher.

he one sure bet is that the will be set for a period of east three years, thus reing a recurrent irritant the present administra- and—whatever the timing he next election—plopping mly in the lap of its essor.

en three years of relative ity for the BBC will be a fort. The latest round of ce fee talks comes when the d is on the brink of a comications revolution and the which was born in the of crystal radio sets and gramophone needles, s time to assess its future.

its proposals to the Home the Corporation's rotund commercially robust chair- Mr George Howard (he ed his stately home to rival for the making of Brides- 1 Revisited) and soon-to- re director-general Sir Ian thowan steered away from subject of new technology, both see the BBC as being here and fighting. Such a t is likely once more to o questions of the role of Corporation and of just long it can continue being nced by the licence fee em.

1 the roundest of round res the BBC had an income 1980-81 of £500m. Far and y the biggest sector of nding was BBC 1, which llowed 36 per cent of the il budget. Capital expendi- 2, for both radio and tele- on, amounted to around 11 cent. The cost of all this is red among 18.6m television nce holders, of whom 4.6m e monochrome sets, each ducing only £12 each a year the Corporation.

f the BBC gets anything like way, the British will be nding nearly £2bn a year broadcasting, by the late 0s—ITV, with its new urth Channel and breakfast vice, plus the ever-growing nmercial local radio system, ild still be taking the biggest nk of this.

LICENCE FEES IN EUROPE, OCTOBER, 1981

	Monochrome approx. sterling equivalents		Colour aprox. sterling equivalents
Austria*	59	Denmark†	72
Switzerland*	59	Sweden	64
Sweden	49	Belgium*	59
Norway	47	Finland*	59–50‡
Denmark†	43	Austria*	59
Belgium*	41	Switzerland*	59
West Germany*	37	Norway	56
Finland*	34–25†	Ireland*	39
Netherlands†	31	West Germany*	37
Ireland*	24	Italy*	35
France*	24	France*	35
Italy*	19	UNITED KINGDOM	34
UNITED KINGDOM	12	Netherlands†	31

Rates are based on the value of the pound on October 8, 1981. Where applicable the figures are for joint radio/TV licences. * These countries have their licence fee supplemented by advertising. † Indicates rates for 1982. ‡ Depends on number of channels.

SIR IAN TRETHOWAN
"No pressure" on producers

Assuming inflation at an average level of 10 per cent over the next few years—an assumption which tends to make BBC top management smile—the Corporation would need an £11 a year increase (to £45) in order to stand still. That would give the BBC a revenue of £790m in 1985-86. The BBC itself argues that to restore cuts made in recent years and to carry out urgent work such as the replacement of equipment bordering on the broadcasting antique (50 per cent of BBC tape recorders are more than 10 years old) somewhat more is required.

The £50 campaign woos the public

Early BBC estimates of its need to meet what it saw as the demands of the 1980s put the licence fee at nearly £54 a year, set for a four-year period. But political realism led the Corporation to pitch for a £50, three-year, deal.

Perhaps one of the more remarkable facts of broadcasting politics recently is the way in which the BBC has succeeded in etching its £50 figure into the public cosciousness, almost as a probability rather than a hope. In the past, the Corporation played a *gentlemanly game of corridor debate* with Government over its licence fee level.

This time, it not only came out publicly with its demands, but also set up a Licence Fee Campaign Unit, fronted by the energetic Mr Geoffrey Hicks, with the declared intention of wooing public opinion to the Corporation's own viewpoint.

In particular, the Corporation has managed to head off too serious a public debate about its own continued determination to be all things to all men—to provide a range of services from the most commercial to the most obscure, on both a local and nationwide basis, on whatever broadcasting medium is available. Thus the BBC fully intends to continue its expansion of local radio; it has preliminary ideas for the use of satellite services; it is already, *in collaboration with Visionhire*, involved in cable television experiments; and it is, of course, locked in a purchasing war with ITV to show old Hollywood movies.

The problem for critics of the BBC's involvement in some fields is that the arguments are inevitably philosophical rather than financial. Whether or not there should be a Radio One is a valid debate, but in sheer cost terms the figures (2 per cent of total BBC expenditure) are small. BBC local radio stations cost around £150 an hour to run.

The same could not be said about a deep involvement in direct satellite broadcasting, or a much greater association with cable services. Here even Sir Ian admits that there is something of a moral dilemma for the BBC ("but the problems are much worse for ITV"). The Corporation simply could not finance involvement in new technological wonders via the traditional licence system if the licence fee is to be held at anything like a politically acceptable level.

In fact, therefore, the BBC is looking to make additional money out of the new services. It owns a vast amount of material which, when satisfactory union agreements over payments have been negotiated, would present any cable or satellite system with a treasure house. What it wants is a satellite system with signals encoded in such a way that only additional fee payers can decode the transmissions. It is, of course, a super-fee system that normal licence payers would not be able to access.

In terms of keeping the licence fee at its present level, or even reducing it, the arguments centre much more on such services as BBC-2 television (which soaks up 18 per cent of revenue) and Radios Three and Four, which between them take 10 per cent of revenue.

These heavy cost items are the very ones which attract the greatest cries of defence. Network television drama, for example, costs £140,000 an hour. Features, music and documentaries cost an average of £50,000 an hour. Old films, by comparison, are bought for around £10,000 an hour. Light entertainment comes in at an average £65,000.

Rather more worrying for the BBC is the argument that only BBC-2 and Radios Three and Four should continue, while all other activities could be abandoned and left to a perhaps enlarged commercial sector. The licence fee might then drop to £30 or less, while the more precious aspects of BBC activity would be retained.

Maintaining a minority sector of culture from the common purse — even if the money is individually levied — is not novel. It does, however, expose the benefactor to periodic assault from populist politicians who see no benefit to their supporters, attacks with which the National Theatre and Covent Garden, for example, are familiar.

Even today there are signs that, *within the BBC*, the rank and file feels that management has been oo cautious in recent months in order to avoid upsetting the Government just as the licence fee negotiations are coming to a head. Sir Ian admits that there have been internal rumblings but denies that they have been justified.

"It is certainly not our intention (to play politically sensitive items cautiously). I think there is a risk that producers at the coalface may feel that they ought to be looking over their shoulders. Certainly there is no pressure from us. Of course, there is always pressure not to do anything bloody silly.

Looks enviously at ITV revenues

"It is perfectly true that if anyone did anything bloody silly now it would be particularly damaging," says Sir Ian. "We are certainly not discouraging people from tackling difficult issues."

As to the question of the role of the BBC, there seems little doubt that it feels it has won that particular battle with the renewal this year of its Charter, giving the BBC a further 15 years of life in its present form.

"The Government has implicity accepted that we should continue to provide a general service for Britain by renewing the Charter," says Sir Ian.

Sir Ian looks enviously at the revenues of ITV but says he does not wish to match them. Even in terms of staff pay "we are not saying that we should match every ITV salary. The two are not in any way comparable. But we must have enough money to stay in the same league, so that we can reasonably compete in terms of quality, not in terms of a ratings war."

"My ideal," says Sir Ian, "Is that at the end of each week every one of our licence payers should say: 'I have had my money's worth'."

The debate has now passed from the public platform, and *even from the negotiating tables* separating BBC and Home Office teams. Over the next week or so the Home Office will complete its own examination of the BBC figure and the final decision will land on Mr Whitelaw's plate. Mr Whitelaw has long been a radio enthusiast and could be seen as a BBC ally. Not all the Cabinet share his enthusiasm, and any suggestion that he has been overbenevolent to the BBC when inner cities and prisons, for example, are hungry for cash may not go down well.

The Whitelaw decision then goes to the Prime Minister and the Chancellor for confirmation, although that is far too firm a word. In theory—but probably not in practice—it is the full Cabinet which gives the final go-ahead. It now looks as if the decision will come at the end of the month, giving the BBC and Sir Ian either a woeful or happy festive season.

WHERE YOUR MONEY GOES

Television	%
BBC-1	36
BBC-2	18
Regional TV	7
Transmission	2
Capital expenditure	7
	70
Radio	
Radio 1	2
Radio 2	5
Radio 3	4
Radio 4	6
Regional radio	4
Local Radio	3
Transmission	2
Capital	4
	30

No radio fee has been payable since 1971 although considerable extra radio output is available to most listeners, particularly those in the National Regions. Those within easy reach of a BBC local radio station have what is an increasingly appreciated service available to them.

Lombard

The dangers of bank finance

By Stewart Fleming in Frankfurt

THE WAVE of bankruptcies which has hit West Germany this year has brought with it predictions that 1981 could turn out to be the worst year for corporate failures since the Great Depression.

That the trend in corporate failures is on the rise is not in doubt. But it is the reasons behind the increase which are particularly worrying. There are suggestions that an important factor is the structure of the corporate sector, with its heavy preponderence of private companies and partnerships and the dominant role of the banks in Germany.

The Bundesbank has recently reported that even though the current recession in the economy measured in terms of (the decline in GNP) appears to be only half as bad as the one that hit in 1975 (when real gross national product fell 1.8 per cent) corporate profits have fallen in the first half of this year just as sharply as they did then.

Interest rates hit record highs earlier this year, and look like remaining high for a much longer period than in the 1975 recession. That, coupled with the cutback in the growth of public spending, has hit the corporate sector especially in the building industry where bankruptcies have been rife.

Perhaps the most important difference between the current economic slowdown and the last one, however, is that this time the German banking industry has been one of the principal casualties.

Admirers of the German economic miracle of the 1950s were fond of pointing, justifiably, to the role the big German banks were playing as the mainspring of the industrial economy. The banks however took on that role not out of altruism, and not only in pursuit of profit. There were, and are still today, no other large sources of corporate finance in Germany. And today what was once an advantage —a dominating banking sector —*is looking more like a* problem.

For banks which are under such financial pressure that some of them cannot pay dividends and others which have not provided adequately for the lending risks that are already on their books, are reluctant to take on new commitments which are, or might prove to be, high risk situations. This is one of the reasons why the troubled AEG-Telefunken has found the bankers less generous with their finance recently.

Dr Claus Köhler, a member of the Directorium of the Bundesbank, the Central Bank, recently found occasion to express his concern about the problems facing the German economy if it is to finance the capital investment needs of the economy in the absence of an adequate ordinary share market, and with a long term bond market which is dedicated to raising money for the public sector not the corporate sector.

A related problem, the other side of the same coin, is the structure of the corporate sector itself. German companies have long operated on a low equity capital base. This was not too much of a problem when the economy was growing strongly with minimal inflation. In these conditions German companies (and their bankers) were happy with an average equity capital to total assets ratio of around 22 per cent, less than half that in the UK and the U.S.

Today, however, medium-sized family companies, many still in the hands of ageing founders and without management depth *or liquid resources to replace* the capital of the owner if he withdraws, face daunting decisions if they are to gird themselves for action in a more competitive world. They can have little confidence this time that a strong economic upswing will rescue them from their current predicament, and even less that their bankers will shoulder a bigger burden.

easier to shut down than to take on the legally laid down social costs of cutting back their operations.

Insofar as the current recession shakes out the weaker companies that, no doubt, is healthy for the economy provided new entrepreneurs are waiting in the wings. But what is happening underlines once more the fact that the adjustment process which the German economy is now going through is likely to be longer and more painful than has been widely anticipated.

Letters to the Editor

...ower unemployment by raising the economy's level

...m Mr J. Sheppard

...ir, — Mr Brittan (November ...) restated his view that "un...ployment is too high because ... wages are too high" and ...t on to say that any price ...e a market-clearing price ... leave an excess supply of ... commodity in question.

...arkets, however, are not all ... They have different be...oural and institutional ...acteristics which simply ...not be ignored. Economists ... long recognised this by ...rentiating, for example, be...n bond markets, commodity ...kets and labour markets. ...ed, ever since "political ...omy" became a separate area of investigation, the labour market has always been regarded as a special case.

The supply of labour does not behave like the supply of a physical commodity. It is neither theoretically nor empirically clear whether the supply of labour would increase or decrease if the (real) wage were lowered. The demand for labour is also unique, being, as Marshall taught us "a derived demand."

What this means is that labour demand depends upon *the demand for the commodities* it helps produce. Quite simply the aggregate demand for labour depends upon the overall level of demand within the economy, as well as the price of labour.

From this it follows that the problem of unemployment can be tackled in a number of ways. Lowering the real wage is one, but this will have complex repercussions on the rest of the economy. Trying to change the supply of labour (as the "economic babes" at the CBI suggest) is another possible solution.

I would suggest, however, that the most fruitful approach might be to increase the demand for labour, by raising the *level of demand* in the economy as a whole.

J. W. Shepperd.
Laing and Cruickshank,
The Stock Exchange, EC2.

Foreign technology systems

From the Chairman, Information Technology Year 1982.

Sir,—In Men and Matters on November 3, "Observer" reported that all the technology in use at the launch of Information Technology (IT) Year '82 was foreign.

Thank you very much for publishing this fact. It is exactly the kind of demonstration which highlights the need for Britain to tackle its problem of imports and balance of payments deficit. Thank you again for the publicity.

Alan Benjamin,
Information Technology Year 1982,
19 Bedford Row, WC1.

...ofits are too low because real wages are too high

...n Mr M Johnson

...r, — In our business, ie, ...ng things which we can ...e, I find that our customers ...not the least bit interested ...ur costs, be they of labour, ...erial, electricity or what... They are concerned in...d about our company, our ...tation, our service, our pro..., our price, and how these compare with what is offered by our competitors.

If we manage to secure enough orders, we have work for our employees regardless of how much we pay ourselves. If we get no orders, then we are unemployed.

How come then, Mr Samuel Brittan, that "unemployment is too high because real wages are too high"? (November 5). I could have agreed with you if you had written "profits are too low because real wages are too high," but lack of orders leads to unemployment a lot, lot faster than lower profits do.

Since when has price in the mind of the customer had anything to do with cost in the mind of the manufacturer?

M. R. Johnson.
14, Montagu Drive, Leeds.

IBM's presence in Nigeria

From the Vice-President, IBM, EUROPE

Sir,—In the second part of the survey on Nigeria (November 3) you state that IBM "left Nigeria following the indigenisation decree which would have forced it to take in a Nigerian partner." This is not true. In response to the Nigerian Enterprises Promotion Decree of 1977 IBM formed, from its subsidiary, IBM Nigeria, a service company called Data Processing Maintenance and Services (DPMS). IBM owns 40 per cent of the shares of DPMS with 60 per cent owned by Nigerian interests.

J. E. Justice.
IBM Europe,
8-10, Cité du Retiro,
75008 Paris, France.

...e capacity for employment and regenerative powers

...n Mr C. Grigg

...—In his "Economic View..." (November 5), Mr ...uel Brittan begins with the ...ally unqualified statement ... "Unemployment is too ... because real wages are too ... . . ." Surely in a world ...mplex as the one in which ...ive, it is as well to be care...of such a simple diagnosis, ...icularly since it encourages ... in simplistic solutions. ... Brittan seeks, probably ... to analyse the prob... of unemployment by refer... to the labour market. Yet ... supply and ... the frame... UK experience since ... The most important factor ... the UK labour market ... the Government came to ... has been, I submit, the ... rise which did occur ... value of sterling on the ... exchange markets. In ... an international labour ... the principal effect of ... to raise the real price ... compared with that of potential competitors by something like one-third. Presumably not even Mr Brittan would propose that real wages either could or should have fallen by that amount.

Yet the rise in the value of sterling had a spectacular result on an economy which was not, even in early 1979, desperately competitive. Significant sections of industrial capacity were destroyed together with a huge number of jobs. Since the destruction has tended to be in those areas which were least competitive at the outset, there is little chance that large scale employment will again be provided in these sectors, however much potential employees offer to cut their real wages.

Once high unemployment has been created, by speeding up the process of liquidation of those parts of industry often nearest to obsolescence, then the problem becomes a structural one. The capacity for employment and regenerative powers of new industries cannot so easily be stimulated, whilst the skills and locations of the unemployed do not necessarily match those that will be needed by developing companies.

In such an environment, the unemployment problem is unlikely to be resolved by reference to a model of the labour market which lacks so many features of the real world. We should all be wary of the "solutions" which such a model purports to provide. One problem in the UK is the control of money wages, rather than real wages, because of the effect that the former has upon the inflation rate. A tax-based incomes policy may be used to help this problem and so to help make possible limited reflation without inflation, thus stimulating the new companies and new industries which we now undoubtedly need.

C. M. Grigg.
37, Meteor Street,
Clapham, SW11.

The celebration of a failure

From Mr C. Dyson.

Sir,—In the November 5 "News Summary" you *reported that an estimated* £20m would be spent on fireworks to celebrate the 376th anniversary of the attempt to blow up the Houses of Parliament. I always understood we were celebrating the failure of the attempt. Perhaps the Government's record has caused you to see the activities of Fawkes and his fellow conspirators differently.

C. Dyson.
12 Churchill Square,
Durham.

Lucas holds dividend total despite loss

ALTHOUGH THERE was a profit in the second half, albeit much lower at £3.97m against £28.64m, Lucas Industries finished the July 31, 1981 year with taxable losses of £21.43m, compared with profits of £40.96m previously. External sales slipped from £1.2bn to £1.19bn.

The dividend for the year is maintained, however, at 11p net per £1 share with a same-again final payment of 8.4p.

Redundancy and factory closure costs of £26.44m (£12.19m), *of which £25.2m was in the UK*, were charged in arriving at the pre-tax loss, with £19.2m of the total coming in the second six months.

A divisional analysis of sales and pre-tax results shows: vehicle equipment £954.31m (£1.02bn) and £45.29m loss (£27.29m profit); aerospace equipment £250.71m (£170.43m) and £21.15m profit (£9.31m); industrial products £121.18m (£120.08m) and £2.17m profit (£4.56m).

In the UK sales amounted to £778m, a reduction of £40m compared with last year and there was a loss before tax of £37.7m after charging redundancy and closure costs. Sales of overseas subsidiaries amounted to £408m, an increase of £30m, and their profits before tax were down at £13.7m. The Lucas share of overseas associated companies' sales increased by £30m to £140m but the share of profits at £2.5m was down.

Direct exports for the year increased from £224m to £235m. There was a £16m reduction in exports of vehicle equipment compared with the previous year, but this was more than offset by higher aircraft equipment exports.

Indirect exports, being equipment supplied to vehicle, aircraft and engine manufacturers *which they in turn export, were* estimated at £200m. Total exports were thus £435m, which means that more than half the output from UK factories continued to go to overseas markets, *the directors point out*.

The UK companies suffered from lower demand, due to a 20 per cent reduction in vehicle production, the substantial destocking that took place at the vehicle manufacturers and in the aftermarket, and the lower demands from export customers. European businesses also suffered from the lower levels of vehicle production, the directors state.

The business in North America expanded significantly with the growht of the diesel *fuel injection business being* particularly important. Sales at £82m increased by 51 per cent, but profits were reduced due to the initial cost of expanding production in Greenville, South *Carolina*.

In Australia further progress was made with the reorganisation of businesses and the South African company had a very succesful year.

The partnership companies in India both reported particularly good results; in Brazil the businesses suffered from lower demand but performed well; and the Argentine business also met much reduced demand.

Lucas Aerospace in the UK had an outstanding year with production and sales levels 42 per cent higher than last year, the directors state. The subsidiaries in Canada and Australia reported improved results and in the U.S. the group has established *a new manufacturing* facility.

French associates Thomson-Lucas had a very successful year, they add.

Demand for industrial products was particularly weak in the UK, but the businesses in North America, Australia and New Zealand increased both sales and profits.

Despite the difficult trading conditions Lucas continued the improvement in its manufacturing facilities both in the UK and overseas and the total expenditure covering both capital and revenue on these facilities amounted to £114m, a similar level to last year. Of this total, £85m was spent in the UK and £29m overseas.

The construction of the two *new factories* for Lucas Aerospace at Huyton and Bradford is now well advanced and these facilities are due to come into production next year and the Ipswich diesel equipment plant has been extended to provide for a doubling of microjector production to meet incerased demand in the U.S. At the same time, the Greenville factory in South Carolina has expanded its diesel pump facilities and has commenced production of microjectors there.

Expenditure on research and development rose from £55m to £65m and has been charged against earnings during the year. Royalties from the sale of technical know-how continued to be an important source of income and this year amounted to £5.1m —an increase of £570,000.

In July the group's holding in Girling Espana was increased from 50 per cent to 74 per cent. *Other investments in the year* included two businesses in North America engaged in the distribution of hydraulic components. During 1980-81 the group disposed of the Premier Precision and Horstman businesses in the UK and its 22 per cent holding in Siliconix in the U.S.

Group pre-tax figure was after depreciation of £27.41m (£25.05m) and interest much higher at £26.41m against £16.32m.

Tax for the year took £13.06m (£10.02m), there was an extraordinary debit of £2.02m (nil). After minority interests of £2.2m (£3.17m) the attributable loss came out at £34.67m, compared with profits of £27.77m.

Loss per share is given as 38.6p (29.21p earnings) before extraordinary items, and 36.48p after the same.

As at July 31, bank overdrafts, short and medium term loans amounted to £175.26m (£119.7m), while cash at bank and in hand was £12.59m (£30.76m).

See Lex

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
C. H. Beazer	4.6	Jan. 4	4	7	6.2
Cullen's Stores ......int.	0.7	Dec. 11	0.7	—	4.3
Drayton Cons. Tst	5.9	Dec. 21	5.6	7.9	7.6
Electrocomponents ...int.	*0.85*	*Jan. 4*	*0.85**	—	1.95*
Futura ......int.	1.16	Jan. 12	1.05	—	2.56
LMI ......int.	2.9	Jan. 22	2.9	—	7.75
Lucas Inds.	8.4	—	8.4	11	11
Murray Clydesdale ...int.	0.5	May 21	0.5	—	1.73
Murray Clydesdale	1.23	Jan. 13	1.15	1.73	1.65
Outwich Inv. Tst. ...int.	0.72	Dec. 16	0.72	—	2.66§
RIT ......int.	3.5	—	3	—	13.5
Scottish Nat. Tst.	4.65	Dec. 17	4.2	6.85	6.84‡
Seccombe Marshall int.	6	Jan. 4	6	—	18
Town Centre Secs.	1	—	0.83*	1	0.83*
Young Co's. Inv. ......int.	2.2	Dec. 31	2.2	—	6

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Including special 0.6879p. § Including special 0.45p.

Wettern Brothers losses hit £191,300 at half time

A MARKED INCREASE in pre-tax losses is shown by Wettern Brothers for the six months to June 30 1981. The pre-tax deficit *rose from £34,800 to £191,300 on* a lower turnover of £5.52m, compared with £5.72m.

The chairman of this distributor and manufacturer of construction materials states that most sections of the company's businesses had suffered in varying degrees from the low level of national activity. Competition for the small volume of business available is fierce and margins have been severely depressed.

The elimination of loss-making activities and cost reduction programmes, says the chairman, *continued to be effected* and will be reflected in results.

There is no interim dividend (same). The last payment was a final of 3.1457p in 1979.

The sale of the Mono Group *to Marshalls (Halifax)* was concluded in September for £1.7m. Trading results for the group are included in the figures.

The inflow of cash from the Mono Group transaction will *significantly reduce* the heavy interest charges of £109,100 (£113,800) which contributed to group net loss, states the chairman.

There was no charge of taxation (same).

● comment

Wettern's recent sale of its Mono Concrete subsidiary *became controversial because the* successful bid was delivered under a veil of secrecy, so that the auction came to an end without the eventual underbidder becoming aware that the bidding had closed. Both bidders placed a higher value on Mono than the market accorded to Wettern as a whole, and the winning bid of £1.7m was slightly higher than the group's book net worth. Yet Mono's trading in 1980 had produced a pre-tax loss of £56,000. There must be considerable doubt, in the light of such events, as to the proper valuation of the Wettern business now that Mono has been sold. The sale proceeds will have permitted the gearing to be reduced — from a ratio higher than one-to-one — but the interim statement sheds no light on the asset side of the balance sheet. Trading remains gloomy and even though redundancies are being taken below the line, losses are still being made. The share price of 74p values Wettern at £1.24m.

HIGHLIGHTS

After briefly commenting on the strong advance o[f the] Stock Market yesterday in the wake of lower U.S. in[terest] rates and a half point cut in clearing bank base rates[, Lex] turns its attention to the figures from **Lucas Industries**, the company has produced a much better second half [than] anticipated and maintained the dividend. **Hoover** con[tinues] to struggle with a third-quarter loss of £7.2m, against a [profit] of £2m for the same period of 1980. Finally the column [takes] a look at two corporate puzzlers—the counter raid by [RHM] **Hovis** on **British Sugar** and the reorganisation of [Anglo] **American** and **De Beers'** industrial interests.

Ruberoid share issue approved

Shareholders of Rubero[id] building products, special[ist] contracting, paper and [...] group, have approved th[e issue] of 1.4m ordinary shares [...] each to the trustees [of the] National Coal Board [...] Funds.

Mr Thomas Kenny, the [chair]man, announced at an [extra]ordinary general meeti[ng in] London that proxies for [the reso]lution authorising the [issue] totalled 3,825,788 share[s with] proxies against amoun[ting to] 526,326 shares, a majo[rity in] favour of 83 per cent.

The issue will yield [approxi]mately £1.3m. This mo[ney will] replace the funds used [in the] recent acquisition of Cat[...]

LMI falls to £1m but interim maintained

THE EFFECTS of the recession have caused **London and Midland Industrials** to take further action to slim down its units and, against a background of very *difficult economic conditions*, pre-tax profits for the six months to September 30, 1981 have fallen to £1.05m. This compares with £1.82m for the same period of 1980 and with £3.01m for the *last full-year*.

First-half sales fell from £22.79m to £19.57m and these were split as to: engineering and industrial services £12.44m (£14.75m) and consumer products £7.12m (£8.04m).

After tax of £418,000 (£746,000) stated earnings per 25p share were down from 6.5p to 3.8p. The interim dividend, however, is being kept at 2.9p net—the final last time was 4.85p.

Mr C. M. Beddow, the chairman, says that while he cannot envisage any sharp upturn in activity in the immediate future, *profit levels appear to have* stabilised for the group. And the improvements in productivity achieved through rationalisation and greater efficiency will eventually be translated into gains in company profits.

"This should particularly be the case in this firmly-based company where we continue to hold important liquid funds and retain considerable long-term resources," he adds.

Many group companies are faring very well, Mr Beddow reports, with Compton Buildings continuing its progress and others in their specialist fields producing rewarding profits.

Some of its companies however, have seen severe erosion of margins. At Ariston Alloys—in line with other UK die-casters—the hoped for market improvement has not occured and, even after severe and expensive cost cutting exercises, the company has made losses. Further action is currently being taken.

Doran Engineering, although operationally better equipped than before, is unable in the present climate to cover essential costs, while in addition, poor retail activity has severely affected the *normal* trading pattern of Woodmet.

There was an extraordinary debit of £13,000 (£9,000 credit) for the half-year, arising from a loss on disposal of loss-making subsidiary, Bainbridge Engineering. After dividends costing £491,000 (£487,000) the retained surplus was £133,000, compared with £595,000.

● comment

LMI's 42 per cent drop in pre-tax earnings is disappointing but the group looks well prepared to last out the recession in reasonable order. Compton Buildings and Cadulac Chemicals have held up well, contributing some 60 per cent of the profits this time. One Cadulac product, an *anti-corrosive called WD-40,* kicked in a quarter of the sales in the consumer products division. The profits decline has come on the engineering side where six out of 15 units have *shown a decline of £100,000 in* profits each, with a few dipping into the red. Ariston made a slightly larger loss in the six months, about £100,000, despite the stringent cost-cutting undertaken last year. Still, LMI's strategy of "niche" businesses means that the slump's effects are well spread throughout the group. LMI has paid out £¼m for a 10 per cent stake in Thames Oil and Gas but is still sitting on about £1m in cash. It's shopping for a U.S. acquisition but nothing is firm yet. The maintained dividend looks assured and the shares, unchanged at 102p, have a prospective yield of more than 11 per cent. The company won't make a full year forecast but assuming a similar result in the second half, the *prospective p/e is about 17.*

Cullen's in loss for six months

For the 26 weeks to August 31, 1981 Cullen's Stores fell into the red, *incurring a pre-tax loss* of £67,939, compared with a profit of £184,045.

However, the net interim dividend is being held at 0.7p — a total of 4.3p was paid for 1980-1981. The second interim was omitted and it was decided not to restore this in view of the *increases in printing and postage* costs.

There was a tax charge for the half-year of £67,000 (£69,000 credit)

The company operates as a grocer and wine, spirit and beer merchant.

CAMMELL LAIRD COMPENSATION

The Bank of England announced that, in accordance with the Aircraft and Shipbuilding Industries Act 1977, an issue of about £1.06m of 10 per cent Exchequer Stock 1983 was made yesterday as compensation for the unquoted ordinary shares of Cammell Laird Shipbuilders.

This follows the announce*ment on November 2 1981 by the* Department of Industry that compensation had been determined by arbitration.

The issue of 10 per cent Exchequer Stock 1983 will be made at the rate of £100 Exchequer Stock per £92¼ compensation. A special interest payment will be made covering the period from July 1 1977 to June 12 1981.

Stock issued today will rank for a full six months' interest on December 12 1981. Dealings in the stock being issued today can take place from tomorrow, November 10 1981, but any such dealings will, in common with the stock already in existence, be effected on an ex-dividend basis. The stock being issued will not therefore be *distinguished from* 10 per cent Exchequer Stock 1983 already in being.

SPAIN

November 6	Price %	+ or −
Banco Bilbao	330	+3
Banco Central	325	+8
Banco Exterior	310	+2
Banco Hispano	316	+3
Banco Ind. Cat.	117	
Banco Santander	382	+7
Banco Urquijo	216	+2
Banco Vizcaya	349	
Banco Zaragoza	220	
Dragados	154	+8
Espanola Zinc	70	
Fecsa	70.2	+1
Gal. *Preciados*	32	−2
Hidrola	82.5	+2.5
Iberduero	59.5	+0.5
Petroleos	101	−1
Petroliber	82	
Sogefisa	51	
Telefonica	78	
Union Elect.	76.5	+2.5

THE TRING HALL USM INDEX
113.9 (+0.7)
close of business 9/11/81
BASE DATE 10/11/80 100
Tel: 01-638 1591

CORAL INDEX
Close 506-511 (+14)

OIL INDEX
December Refined $44.00
January Refined $44.40

Hoover £13m in the red at nine months stage

THIRD-QUARTER losses of Hoover rose from £1.71m to £3.93m and left this domestic appliance manufacturer £13m in the red pre-tax for the nine months ended September 30 1981, compared with a near break-even £156,000 loss previously.

Short-time working was necessary, the directors state, in both the group's Merthyr Tydfil and Cambuslang factories in the third-quarter and the UK workforce was reduced by some 1,300 voluntary redundancies costing £4m. This brought the total cost of redundancies so far this year to £7.1m, which is included in the pre-tax figure.

Group sales in the third-quarter fell from £51.35m to £46.02m and left the nine-month figure behind by 3 per cent at £146.6m (£151.74m).

Demand in both the UK and mainland Europe remained generally flat, directors explain, and severe competition prevented recovery of increased costs in higher prices.

They add that easier conditions were obtained in both Australia and South Africa.

Despite an adverse business climate the group will be in a position to start moving ahead in 1982, directors say, "better fitted to compete aggressively and profitably in the market place."

As announced on October 22, the group is undertaking a major restructuring in the UK, which includes the closure of the manufacturing facilities at Perivale and the concentration of all floorcare production at Cambuslang.

The measures will involve further job losses, "and it is regretted that these are necessary to ensure the return to a satisfactory level of profitability and to provide a sound base for future growth," the directors state.

They add that the costs of the reorganisations will have an adverse effect on the fourth-quarter results.

For the whole of 1980 the group incurred taxable losses of £2.75m, and paid a total dividend of 6p.

In August the directors reported six months' pre-tax lossse of £6.08m, against a profit of £1.56m which included redundancy payments of £3.1m. The interim dividend was omitted, with the recommendation of a final distribution being made when full-year's results were known.

Trading loss for the nine months amounted to £14.4m (£862,000 profit), including £784,000 loss (£283,000) from Hoover (Holland) BV, and the pre-tax figure was after an exchange gain of £1.36m (£1.02m loss)—Hoover (Holland) BV £152,000 loss (£791,000)—on the translation of liabilities and current assets.

Tax charge took £973,000, compared with £1.48m, making the loss £13.98m (£1.64m) giving a per share deficit of 70p, against 8p.

Tax was provided in accordance with SSAP 15, but if it had been calculated on a full provision basis, to include all adjustments to deferred taxation, there would have been a tax credit for the nine months of £1.05m (£572,000 charge).

See Lex

Drayton Cons. pays more

Revenue after tax of Drayton Consolidated Trust, investment trust, edged ahead to £2.92m, compared with £2.81m, for the year to September 30, 1981 and the final dividend is stepped up from 5.6p to 5.9p which raises the net total by 0.3p to 7.9p per 25p share.

Tax for the year was higher at £1.89m (£1.74m) and net asset value per share is given as 229p (228½p).

Young Cos. slips midway

For the six months to September 30, 1981, after tax revenue of The Young Companies Investment Trust slipped from £215,000 to £207,000 but the net interim dividend is being maintained at 2p per £1 share.

First-half profit fall for Hill Samuel S.A.

HILL SAMUEL, the South African merchant bank which is a 71.5 per cent owned subsidiary of the UK-based Hill Samuel Group, suffered a drop in profits in the six months ended September 30 1981.

First-half pre-tax profits were R1.86m, against R2.16m in the corresponding period of last year and a total of R4.1m in the year ended March 31 1981.

The company blames the lower profit on significantly reduced incomes from credit activities, as a result of sharply higher interest rates and the increased cost of holding liquid assets at the South African Reserve Bank.

The reduction in income from credit activities was however substantially offset by higher returns on investments and by good results from foreign exchange dealing, corporate finance and acquisition services.

The board says that the outlook for the rest of the financial year is uncertain as interest rates are likely to remain high for some time.

An unchanged interim dividend of 12.5 per cent has been declared although first-half earnings per share have fallen to 20.2 cents (24.7 cents).

DAVID HUME/ SCOTTISH CEYLON

The offer by David Hume Securities for Scottish Ceylon Tea Company has closed. Acceptances in respect of 8,200 ordinary shares were received.

IAN RODGER ON COMPUTER AND SYSTEMS' OFFER FOR SALE PLAN

Putting the case for a £5m share float

IT HAS been more than four months since a company with the word "computer" in its name has been floated on the Stock Exchange.

But if market conditions remain favourable, Computer and Systems Engineering, the fast-growing data communications equipment supplier, will be raising some £5m in an offer for sale at the end of the month.

Apparently oblivious to the recession, the company, usually known by its acronym, Case, had record pre-tax profits last year of £942,000. It achieved a further 50 per cent advance in the first half of the current year to £477,000, and the chairman, Mr D. J. L. Fitzwilliams, said he believed the company would maintain its favourable progress.

However, Case has had a tough struggle since being set up in 1970 to distribute imported modems, message switching and multiplexing equipment.

It began its own manufacturing in 1973 but then suffered losses of £372,000 in 1976 partly because of production difficulties, an dhad to raise £500,000 in preference capital.

In 1978, the Government's National Enterprise Board put up another £½m in equity plus a £1m loan but further production difficulties contributed to a £294,000 loss in the first half of 1979.

The turnround was signalled in September 1979 when Paradyne Corporation, Case's major supplier of modems, made a bid. The principal Case shareholders favoured acceptance even though the managers were unenthusiastic but the deal eventually fell through.

Case went on to make a strong showing in the second half of 1979, resulting in a £29,000 profit before tax for the year. Late last year, it arranged a share placing that enabled the NEB and the other principal holders to sell at a higher price than they would have got from Paradyne.

Case's current growth surge comes mainly from the push by banks and other financial institutions to install high-speed data networks in their branches. Another key source of growth is the retail trade where food and dry goods multiples seek cost savings through installing computer-based point-of-sale systems.

Until now, Case has concentrated on providing the devices that organise and direct the flow of data between central computers and terminals.

But earlier this year, it spent £1.1m to acquire a word processing business and plans to diversify into the design of systems for offices. With the anticipated relaxing of British Telecom's telecommunications monopoly, it also expects to become involved in selling private data networks.

Mr P. I. Burton, managing director, estimates that Case has about one-third of the UK market for high speed computer-communications equipment and at least 40 per cent of the message switching equipment market. About 60 per cent of sales are of proprietary products and the group is now confident that it can compete in the big U.S. market with a few of them.

The offer for sale is being made to raise about £5m for the company, partly to pay for the word processing acquisition earlier this year, partly to pay for a new Watford factory but mainly to build liquidity for further rapid expansion.

The final terms of the offer have not yet been set but the company expects to sell about 2m new ordinary shares, which would raise the total issued to about 6.3m. There is also some £489,000 in convertible preference capital.

The shares have been traded under Stock Exchange rule 163 (2). The ordinary stood at 250p when dealings were suspended two weeks ago where the fully diluted market capitalisation was about £16.9m.

Electrocomponents edges ahead after six months

FIRST-HALF pre-tax profits rose for Electrocomponents from £6.84m to £7.04m for the period ended September 30 1981. Sales were 15 per cent higher, rising from £31.14m to £35.98m.

The indications are that sales expansion will continue in the second half, say the directors, but they expect margins and profit growth to remain under pressure.

Figures for this period reflect the introduction of a two-tier price structure by the group's subsidiary, R. S. Components. While this resulted in a drop in gross margin, it stimulated sales and contributed to a volume growth of about 9 per cent.

In their last annual statement the directors were confident that more buoyant trading would return, though not in the immediate future. In the last full year pre-tax profits were £14.56m on sales of £65.87m.

The directors add that suppliers' price increases were generally below the rate of inflation, but services controlled by central and local government continued to put net profit margins under increased pressure.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims—Cater Ryder, Control Securities, De La Rue, John Folkes Hefo, Hill Samuel, Kwik-Fit (Tyres and Exhausts), Scott and Robertson, Takeda Chemical Industries, Whitbread.

Finals — A. Arenson, Bridport-Gundry, Cedar Investment Trust, Erskine House Investments, Jessups, Newman-Tonks, Peters Stores, Smiths Industries.

FUTURE DATES

Interims:—

Brit and Commonw. Shipping	Nov 12
Caledonia Investments	Nov 12
Carless Capel and Leonard	Nov 26
Chamberlin and Hill	Nov 19
Flight Refuelling	Nov 18
Geers Gross	Nov 15
Porter Chadburn	Nov 19
Scapa	Dec 3
Scott (David)	Nov 12
United Gas Industries	Nov 26

Finals.—

Akroyd and Smithers	Nov 19
Allied London Properties	Nov 11
Bellway	Nov 11
British Sugar	Nov 11
Common Bros.	Nov 12
G R (Holdings)	Nov 13

The figures include the group's share of profit from its Irish subsidiary and also the profit on the sale of its Reading freehold. All subsidiaries continued to expand their product ranges, particularly in areas of new technology, say the directors.

The interim dividend is being effectively maintained at 0.85p, adjusted for the four-for-one scrip issue. Earnings per share are given as 2.67p, compared with 3.59p previously.

The charge for taxation was £3.35m, against £3.25m last time. Attributable profits emerged at £3.95m (£3.59m) after a debit for minority interests of £14,000 (nil) and an extraordinary credit of £281,000 (nil).

comment

Not as god a performance as Farnell, but Electrocomponents' 2.9 per cent profits rise has been achieved against a background of fierce price cutting throughout the component supply industry which has left some competitors sitting on sizeable downturns. Electrocomponents has introduced a two-tier price structure — with perhaps an average discount of a tenth for large orders — in an attempt to see off some of the smaller fry in the distribution field. Volume at R. S Components, the largest segment in the group, has risen by 9 per cent, which surely includes a gain in market share. But volume gains have not been achieved without cost. Trading margins were shaved from 22 per cent in the comparable period to 19.5 per cent — the first time the figure has fallen below 20 per cent since the mid-seventies. It remains a competitive market and even looking beyond the short term problems of recession there must be some fear that the supply industry may never see a return to past profitability. In the U.S., for example, margins are 5 or 6 per cent. Meantime cash resources are up to £13.8m and Electrocomponents is still shopping for a company in the distribution field with an added value element from high technology. Electrocomponents has been looking in the U.S. and a possible deal fell through only a few weeks back. Looking forward the group could produce something around £15½m pre-tax this year for a fully taxed p/e of 16.1 at 120p. That seems a more realistic rating than the low twenties of not so long ago and a reasonable price for a company which will benefit from the long term potential of a dominant position in component distribution.

Outwich rises to £971,094

A marginal rise from £963,604 to £971,094 in after-tax profits is reported by Outwich Investment Trust for the six months to September 30, 1981, after expenses, including interest, of £144,806, compared with £140,218. Tax took £497,704 against £470,811.

Stated earnings per share were well down at 1.34p (1.83p) but the net interim dividend is held at 0.72p net per 25p share — a total of 2.66p was paid for 1980-1981, including a special 0.45p.

Net asset value at September 30, 1981 is given as 83.59p (84.72p).

TOKYO TRUST S.A.

INTERIM DIVIDEND

An Interim Dividend of US$0.50 per share will be payable on 20th November 1981 to holders on the Register on 30th October and to holders of the Bearer Shares against presentation of coupon No. 16 at the Paying Agents:

Singer & Friedlander Ltd.
20 Cannon Street, London EC4M 6XE

or

Kredietbank S.A. Luxembourgeoise
43 Boulevard Royal, Luxembourg

By order of the Board—
TOKYO TRUST S.A.

M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

1980-81 High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
114	100	Ass. Brit. Higgs. 10pc CULS	109	—	10.0	9.2	—	—
78	39	Airsprung	67	—	4.7	7.0	10.6	14.7
52	21	Armitage and Rhodes	43	—	4.3	10.0	3.6	8.1
200	92½	Bardon Hill	193	—	9.7	5.0	9.4	11.4
104	88	Deborah Services	98	—	5.5	5.6	4.9	9.2
128	88	Frank Horsell	120	—	6.4	5.3	10.8	26.1
110	39	Frederick Parker	60	—	1.7	2.8	26.1	—
110	49	George Blair	45	—	—	—	—	—
102	93	IPC	100	—	7.3	7.3	7.2	10.0
113	99	Jackson Group	99	—	7.0	7.1	3.1	7.0
130	103	James Burrough	110	—	8.7	7.9	8.0	10.1
334	244	Robert Jenkins	286	—	31.3	10.9	4.0	10.2
59	50	Scruttons "A"	54	—	5.3	9.8	8.3	7.7
224	161	Torday	181	—	15.1	8.3	7.0	12.0
23	8	Twinlock Ord.	14½	—	—	—	—	—
90	68	Twinlock 15pc ULS	71½	—	15.0	21.1	—	—
56	33	Unilock Holdings	34	—	3.0	8.9	6.1	10.3
103	81	Walter Alexander	84	—	6.4	7.6	5.5	9.8
263	181	W. S. Yeates	219	—	13.1	6.0	4.1	8.4

JOINT COMPANY ANNOUNCEMENT

ANGLO AMERICAN INDUSTRIAL CORPORATION LIMITED (AMIC)
DE BEERS INDUSTRIAL CORPORATION LIMITED (DEBINCOR)
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED (AAC)
DE BEERS CONSOLIDATED MINES LIMITED (DE BEERS)

(All of which are incorporated in the Republic of South Africa)

PROPOSED MERGER OF AMIC AND DEBINCOR AND ACQUISITION BY THE ENLARGED COMPANY OF IMPORTANT INDUSTRIAL INTERESTS FROM THE AAC AND DE BEERS GROUPS

The boards of directors of Amic, Debincor, AAC and De Beers announce that, subject to the necessary approvals, agreement in principle has been reached for the merger of Amic and Debincor and for the enlarged company to acquire certain other important industrial interests of the AAC and De Beers groups in exchange for the issue of new shares in Amic.

The objectives of the proposals are:

(i) to consolidate the major industrial interests of the AAC and De Beers groups into a single industrial group;

(ii) to extend Amic's area of investment into the important chemical sector through Debincor's holding in AECI Limited (AECI) which is currently jointly controlled by De Beers and Imperial Chemical Industries P.L.C. of the United Kingdom.

(iii) to broaden the enlarged company's interests by acquiring additional holdings in Highveld Steel and Vanadium Corporation Limited (Highveld), Huletts Corporation Limited (Huletts) and certain other important industrial companies so that Highveld becomes a subsidiary and the remaining companies become associates;

(iv) to ensure that the group will be invested in selected major sectors of industry providing profit contributions from a well balanced range of investments.

All the companies in which additional interests are being acquired are soundly financed and have satisfactory profit histories.

Merger Proposals

It is proposed that Debincor will become a wholly-owned subsidiary of Amic and ordinary shareholders in Debincor, other than Amic itself which already holds 26.4 per cent of Debincor will be entitled to receive new ordinary shares in Amic in the ratio of 100 Amic ordinary shares for every 100 Debincor ordinary shares held by them. Debincor ordinary shareholders will also be given options to subscribe for new ordinary shares in Amic in the ratio of 25 options for every 100 Debincor ordinary shares held by them.

Each of the options will entitle the holder thereof to subscribe for one Amic ordinary share during June in any of the years, and at the applicable price, set out below:

Dates	Price—cents
1982	3 500
1983	3 750
1984	4 000
1985	4 250
1986	4 500
1987	4 500

Application will be made for listings of the options on The Johannesburg Stock Exchange (JSE) and The Stock Exchange in London.

In the event that the proposals contained herein are put into effect, and in the absence of unforeseen circumstances, Amic and Debincor are expected to declare final dividends of 115 cents per share and 140 cents per share respectively in respect of their financial years ending on December 31 1981 and Debincor also proposes to pay a special dividend of 70 cents per share to its existing shareholders early in 1982. The special dividend will be funded out of the AECI final dividend for 1981, which will accrue to Debincor and be included in Debincor's 1982 income. Debincor ordinary shareholders will not qualify for the above Amic final dividend but will receive the above Debincor final and special dividends.

As part of the overall proposals and subject to Debincor becoming wholly-owned by Amic, a proposal will be submitted to the holders of the 5.5 per cent cumulative and 12.25 per cent cumulative redeemable preference shares in Debincor for the redemption of all such preference shares and the replacement thereof with preference shares in Amic on a one for one basis. The Amic preference shares will carry rights and obligations identical to those of the respective Debincor preference shares except that the rates of dividends payable thereon will increase to 5.625 per cent and 12.375 per cent respectively.

Other Proposed Transactions

The merger of Amic and Debincor will result in the various industrial interests of Amic being combined with those of Debincor whose main investment is its 39.5 per cent holding in AECI, the largest commercial explosives manufacturer in the world which also produces, or has substantial investments in producers of, a wide range of chemicals, animal feeds, fertilisers, plastics, paints and synthetic fibres.

As part of the proposals, De Beers will purchase Debincor's holding of 7.4 per cent of Mondi Paper Company Limited (Mondi). Amic will continue to hold 62.7 per cent of Mondi, which operates one of the largest single site paper factories in the world and which is proceeding with plans to establish a major wood, pulp and paper products complex at Richards Bay. The increased size and strength of Amic, and the additional cash resources which will become available to it as the result of the proposals, will enable it to finance its portion of this development and also to consider other large-scale projects.

In conjunction with the merger, Amic will acquire from AAC, De Beers and their subsidiary companies 36.8 per cent of Highveld which, taken with Amic's own holding of 8.1 per cent and Debincor's 8.1 per cent holding in Highveld, will result in Amic having an interest of just over 50 per cent therein. Highveld is the largest private sector steel producer in South Africa, is a major producer of vanadium and is an important producer of manganese alloys, ferrosilicon and carbonaceous products.

Amic will also acquire from AAC, De Beers and their subsidiary companies a 38.5 per cent effective interest in Huletts which, taken with Debincor's effective interest of 4.0 per cent therein, will give Amic a total effective interest of 42.5 per cent in Huletts. This interest will be held mainly through S&T Investments (Proprietary) Limited. Apart from its main activities, which relate to sugar cane cultivation, raw sugar milling and sugar refining, Huletts has substantial interests in aluminium semi-fabrication and paper manufacturing and lesser interests in transport, timber plantations and general engineering.

Amic will also add to its existing interests in McCarthy Group Limited (McCarthy), The Natal Tanning Extract Company Limited (NTE) and International Pipe and Steel Investments (South Africa) (Proprietary) Limited (Ipsa) by acquisitions of further shares in these companies from AAC, De Beers and their subsidiary companies. As a result thereof, NTE will become a 63.7 per cent subsidiary of Amic, regarding Amic's holding therein with its holding in Mondi) while the effective interests in McCarthy and Ipsa (which holds approximately 52 per cent of Stewarts & Lloyds of South Africa Limited and 83 per cent of Dorbyl Limited) will increase to 23.0 per cent and 31.1 per cent respectively, making these companies associates of Amic.

In consideration for the acquisition of the interests referred to above, Amic will issue a total of 8,551,266 new ordinary shares to AAC, De Beers and their subsidiary companies or as directed by them. These new ordinary shares will not qualify for the final Amic dividend, referred to earlier. The number of new ordinary shares to be issued in exchange for these additional interests was determined in relation to the market prices ruling on the JSE at the close of business on October 23, 1981, and in accordance with the agreed valuation of NTE, with adjustments being made thereto for the expected forthcoming dividends to which the respective existing shareholders will be entitled.

Salient Features of the Enlarged Amic

On completion of the merger with Debincor and the other transactions referred to above, Amic will have in issue 45,676,782 ordinary shares (of which Debincor will continue to hold 849,164 ordinary shares) and 2,530,743 options. Based on the calculations of tangible net asset values set out below the value of the net assets of the enlarged Amic will be approximately R1,900 million.

Amic will derive a major proportion of its income from the following industrial sectors:

Iron, steel and engineering: via Highveld, Scaw Metals Limited, Haggie Limited and Ipsa;

Industrial explosives and chemicals: via AECI;

Mining and construction tools, equipment and contracting services: via Boart International Limited;

Paper, packaging, forestry, sawmilling and timber processing: via Mondi, Bruynzeel Plywoods Limited and NTE;

Sugar, maize and starch processing and food: via Huletts and African Products (Proprietary) Limited;

Motor assembly and distribution: via Sigma Motor Corporation (Proprietary) Limited and McCarthy;

Freight and travel: via Freight Services Holdings Limited;

Building and construction: via LTA Limited; and

Electronics and electrical engineering: via Asea Electric South Africa Limited and Control Logic (Proprietary) Limited.

The AAC group will hold approximately 46 per cent and the De Beers group approximately 25 per cent of the equity of Amic which will have a well balanced portfolio of industrial investments. Its stature in the local and international capital markets will be enhanced and its greater size will enable it to undertake larger projects and participate to a greater extent therein. Amic will continue to have a strong balance sheet providing considerable scope for additional borrowing and the proposals should result in substantial additional cash resources being made available for further development. The 2,530,743 options will, if exercised in full, provide Amic with between approximately R89 million and approximately R114 million of additional funding over a period of years, depending on the times and prices at which the options are so exercised. In addition, Debincor's existing holding of 849,164 shares in Amic, which has a current market value of approximately R28 million, could be realised to provide further funds for investment.

Amic's total dividend for 1980 was covered 4.0 times by equity-accounted earnings. Within the Amic group the major operating subsidiaries are expected to be self-funding and, therefore, retain appropriate proportions of their annual earnings to finance expansion whilst Amic also retains a portion of its own income to enable it to take advantage of other investment opportunities which may periodically arise. In 1980, the total dividends paid by the major subsidiaries were covered 3.1 times by their total equity-accounted earnings and the dividend paid to Amic shareholders was covered by the group holding company's own income 1.3 times. These policies have enabled rapid development in the size and scope of the Amic group's interests.

Debincor's total dividend for 1980 was covered 2.3 times by equity-accounted earnings and 1.1 times by the net income from its total investment portfolio. AECI, which continues to be Debincor's major investment, paid a total dividend for 1980 which was covered 2.1 times by earnings based on accounting principles similar to those used by Amic.

On completion of the merger, the enlarged group's potential cash resources, derived mainly from the options and an enhanced borrowing capacity, will be greatly improved. Amic will then be in a position to consider paying out a larger proportion of its earnings than hitherto.

Effects of the Proposals

The effects of the transactions on the earnings and the values of the tangible net assets per share in Amic and Debincor are set out below:

	Earnings*	Net asset value**
Amic	562 cents	4,023 cents
Debincor	372 cents	4,835 cents
Enlarged Amic	517 cents	4,130 cents
Change: Amic	− 8.0%	+ 2.7%
Debincor	+39.0%	−14.6%

* Based on the equity-accounted earnings for the year to December 31 1980 and assuming, for illustrative purposes, that the transactions had been effective for that full year.

** Based on the audited consolidated balance sheet at December 31, 1980 adjusted to include shareholdings in subsidiaries, associates and investments at market values on October 23, 1981 where listed, and directors' conservative estimates where unlisted. The auditors of Amic and Debincor have confirmed that the respective directors' estimates of the values of shareholdings in unlisted companies are reasonable.

In addition, Debincor ordinary shareholders will receive 25 options to subscribe for ordinary shares in Amic in respect of every 100 Debincor ordinary shares held and a special dividend of 70 cents per share which will be funded out of Debincor's share of AECI's final dividend for 1981.

The proposals are not expected to affect materially either the earnings or net asset values per share of AAC and De Beers.

Other Matters

The respective auditors of Amic and Debincor consider the terms of the proposals to be fair and reasonable to the respective shareholders of those companies.

In order to give effect to the proposals it will be necessary for the shareholders of Amic to approve an increase in Amic's authorised share capital and approve the issue of the requisite number of shares to Debincor shareholders, as well as to AAC, De Beers and their subsidiaries or as directed by them and to place sufficient shares under the control of the directors to provide for the exercise of the options to be issued. The proposals will also need to be approved by Debincor shareholders.

Circulars setting out full details of the proposals, together with the relevant notices of general meetings required, will be issued to both Amic and Debincor shareholders in due course.

Johannesburg.
November 10, 1981.

Futura reduces losses

TAXABLE losses were sharply reduced at **Futura Holdings**, footwear *manufacturer and* distributor, for the 28 weeks to July 11 1981. The pre-tax figure was reduced by £70,074 to £87,275, on turnover improved from £1.41m to £1.52m.

The directors expect the results for the year to be better than 1980, when pre-tax profits emerged at £148,438 on turnover of £4.37m.

Commenting on the results for the first half they say there were *small increases in production* and turnover, both in volume and value, and combined with continuing efforts to reduce overheads, this resulted in a smaller loss.

Trading conditions being experienced by the group "are not encouraging," with increased costs and factors outside its control. Pressure on margins continues and at the moment "any improvement in results can only arise from increased efficiency".

Bearing in mind the rates of inflation during the past few years the directors feel that a dividend increase to compensate in some degree for inflation is overdue.

The net interim dividend is being raised from 1.05p to 1.55p. Earnings per share are again given as nil. For 1980/81 a total dividend of 2.59p was paid.

Tax for the half year took £45,383 (£81,821).

Standard Bank rights to raise R31.8m

The proposed rights by **Standard Bank Investment Corporation**, South Africa's second largest banking group, which is 58.1 per cent owned by Standard Chartered, *will be on issue of* 4.89m convertible preference shares at R6.50 each to raise R31.8m.

Terms are eight convertible preference shares for every 100 ordinary held. The new shares will carry a fixed dividend equivalent to 12 per cent of the offer price.

Standard Chartered is to take up 1.62m of the convertible preference shares, representing 57.1 *per cent of its entitlement* under the offer. Standard Chartered will underwrite the remainder of the offer.

THE CITY OF LONDON TRUST

The quotations for the securities of **The City of London Trust** will be listed in the Stock Exchange Daily Official List under Investment Trusts instead of Breweries and Distilleries following the recent change in the company's name from The City of London Brewery and Investment Trust.

Beazer in line with forecast at year end

TAXABLE PROFITS of **C. H. Beazer (Holdings)** improved from £3.36m to £3.48m for the 12 months to June 30, 1981, in line with the forecast contained in the offer document for Westbrick Products in August.

At midyear they were just £30,000 higher at £1.61m, including a surplus on the sale of surplus assets of £393,000 (£700,000).

A final dividend of 4.6p (4p) makes a forecast total of 7p net per 10p share, a rise of 13 per cent over last year's 6.2p. The rise is in accordance with group policy of progressive increases as mentioned in the interim statement.

For the current year the directors say that although the first quarter's trading is encouraging, it is difficult to be positive about prospects while the UK is in a deep trough of recession.

They point out that the housing market since the end of the first quarter has shown adverse trends which might be seasonable or indicate more fundamental issues. In view of the present economic uncertainties the directors say it would be imprudent to comment on the full year based on one quarter but they are "confident that shareholders will be satisfied with the current year's results, taking into account market circumstances."

Turnover of this property developer and contractor for the year under review advanced from £25.52m to £27.91m. Profits before tax were struck after writing off all interest payable but included the proceeds of the sale of surplus assets, which totalled *approximately* £428,000 (£1.08m).

Tax took £240,000 (£256,000) leaving the attributable balance at £3.24m (£3.11m) out of which dividends absorb £614,000 (£375,000) after waivers.

Stated earnings per share, excluding profits from surplus assets and after adjustments for the rights issue in 1980, rose from 26.3p to 32.1p.

Since the year end the group has acquired control of Westbrick Proucts and is now engaged in incorporating those companies within its own corporate structure.

The directors say this will result in an enlarged organisation encompassing five major divisions—property development; building; building materials; engineering; and specialist activities.

They point out that Westbrick is basically sound and as stated in the acquisition documents in the medium term the purchase should be of benefit to all parties concerned.

Beazer yesterday also announced that having received sufficient acceptances in respect of its offer for Westbrick, it intends to exercise the powers conferred by section 209 of the *Companies Act to acquire com*pulsorily all the outstanding shares of Westbrick.

Some optimism as sales expand at Campari

INCREASED TURNOVER in all areas of **Campari International** since June leads Mr Henry Lipton, the chairman, to believe that profits should improve in the present year. However, bearing in mind the general economic situation, increasing interest and volatile exchange rates, he cannot be certain that this trend of trading will continue.

Members are told in the chairman's annual review that Campari is taking advantage of the lower interest rates in Germany and Holland to finance *some of its borrowings*. Mr Lipton says the group is able to do this because of its cash flow in these currencies and this therefore reduces the overall cost of group borrowings.

As reported October 3, group pre-tax profits fell from £975,003 to £607,874, on similar turnover of £20.2m. Campari's business is in clothing, camping, sports and marine equipment and footwear.

The chairman says the budgeted *increase* in *turnover* did not materialise, resulting in stock levels incompatible with turnover *achieved*. Strenuous efforts are being made to rectify this situation and to reduce stocks to economical levels, thereby laying the foundation for better profitability and Mr Lipton says the benefits of this policy will be apparent to some *extent in the current year*.

At the year end, group shareholders' funds improved from a restated £8.02m to £8.24m. Fixed assets totalled £3.2m (£3.15m) and net current assets were £6.19m (£6.36m).

Meeting, Compari House, NW, November 27, noon.

Seccombe Marshall & Campion

Seccombe Marshall and Campion, discount house, has made a profit for the first half to October 31 1981. The interim dividend has been maintained at 6p.

In the last full year profits rose from £228,196 to £338,857 after tax and transfer to reserves for contingencies. The final dividend was lifted to 12p, compared with 10p previously.

RIT interim dividend rise to 3.5p

The net interim dividend of **RIT** formerly Rothschild Investment Trust, has been increased from 3p to 3.5p per share, for the current year ending March 31 1982.

Last year's total distribution was 13.5p.

Net asset value per 50p share, as at November 3 1981, amounted to 476p pre-conversion and 471p on a fully diluted basis.

Afrox rise lower than expected

African Oxygen (Afrox), the 60 per cent owned South African subsidiary of BOC International, was adversely affected by *subsidiary operations for the year* to September 30 1981.

Turnover rose 29 per cent from R178.8m in 1980 to R230.9m and trading profits rose by 18 per cent from R29.6m to R34.9m.

At the interim stage management were confident that sales would rise at the same rate as in the first half, and that the rate of improvement in profit would increase. That expectation was not achieved.

The engineering subsidiary Dowson and Dobson, which was sold for R20m in August, contributed R37.6m to group turnover, *but only R2,240 to trading* profit.

The sales resulted in an extraordinary capital loss of R3.5m.

Major capital expenditure programmes of the past few years *have continued and in the year* to the end of September expenditure was R41m, mainly for air-separation plants.

A total net dividend of 33c has been declared from stated earnings of 65.07c a share. In the year to September 30 1980 earnings were given as 58.88c a share and the net total dividend was 29c.

Scottish National advances —scrip

REVENUE AFTER tax of the **Scottish National Trust Company** rose marginally from £2.45m to £2.49m for the year to September 30 1981 and the net total dividend *is being increased* to 6.85p, compared with 6.84p which included a special payment of 0.6879p by a higher final of 4.65p, against 4.2p. A one-for-one scrip is also proposed.

Gross revenue for the period totalled £5.02m (£4.74m) and tax took £1.37m (£1.21m).

Stated earnings per 25p share were ahead at 7.67p (7.56p) and net asset per share is given as 270.9p (267.8p).

*The directors say that the com*parison of the year's results is clouded because of the effect on the 1980 figures of a deferred dividend received from Shell which was passed on in that year as a special non-recurring dividend. *If this amount (0.69p per* share) were excluded from the 1980 figures earnings and dividends for 1981 would both represent an increase of approximately 11½ per cent compared with 1980.

The dividend now proposed is almost twice the rate paid four years ago, the directors point out. Over the same period earnings have also doubled.

At September 30 1981 the total value of the group's investments was £91.3m (£91m).

At that date 57 per cent of the *portfolio was invested in the* UK and 22.5 per cent in North America, compared with 62 per cent and 21 per cent *respectively a year ago*. *The proportion of* the portfolio in the Far East and Australia increased from 13 per cent to 17 per cent. Net current assets during the year rose from £1.2m to £3.6m.

Murray Clydesdale improves

Pre-tax revenue of **Murray Clydesdale Investment Trust** edged ahead from £2.51m to £2.61m for the year to September 30 1981 and the total dividend is being stepped up from 1.65p to 1.7325p net per 25p share by an increased final of 1.2325p, against 1.15p. A same-again interim of 0.5p is *also declared for the current* year.

Tax for the year took £995,698 (£917,210) and stated earnings per share advanced to 1.77p (1.75p) and assuming full conversion of B shares at 1.74p (1.71p).

Net asset value per ordinary and B share is given as 86p (78.1p).

Town Centre Secs. advances to £1.69m and raises payment

GROSS REVENUE of **Town Centre Securities** the property investment and development group, rose slightly from £4.48m to £4.59m for the year ended June 30, 1981, while pre-tax profits increased from £1.14m to £1.69m. The first half taxable figure was ahead at £619,248, compared with £421,082.

The year's profits were after interest of £1.34m (£1.44m) and included an exceptional credit of £187,000 this time, being rent receivable for previous years. Tax charge was £647,000 (£611,000).

Stated earnings per 25p share advanced from 0.87p to 1.72p. The dividend is effectively raised from 0.833p to 1p net per share, after adjusting for last year's scrip issue. A further one-for-five scrip is also proposed.

Mr Arnold Ziff, the chairman, says the recession has affected the level of new lettings which are now more difficult to achieve. The Wade House office block in the Merrion Centre is still empty, as is the Banbury office block.

The company *is carrying out* a number of smaller developments in Edinburgh, Skipton, Selby and Blackpool. There is a larger development at Blackpool, which is proceeding to plan and where it is hoped to make a start in around 18 months time.

The Board looks forward to a future steady expansion programme.

Fairview well placed to deal with recession

WITH A strong property asset *underlying its development acti*vities, **Fairview Estates** is well placed to deal with the present recession and will benefit considerably from any improvement in the national economic climate, says Mr D. J. Cope, the chairman, in his annual statement.

For the year ended June 30 1981, group pre-tax profits fell from £10.32m to £5.75m, on lower turnover of £27.83m (£32.29m)—*as reported October 15*. A final dividend of 3.282p, however, brings the total for the year to 4.547p (adjusted 3.954p) per share.

The chairman says the transformation of the company from a house-builder to a property investment and development entity with a strong balance sheet, and with growth from prime investment properties and income secured from rental sources has been the board's *stated objective for several years*.

However, the situation in the housing industry makes this objective difficult to achieve as, while exceptional progress has been made on the investment portfolio, the funding of the housing division demands greater cash involvement than is considered desirable.

Mr Cope states that with the current business and financial climate clouded with uncertainty, *forward* commitments on the property development front are being approached with extreme caution.

Two speculative office buildings in the London suburbs are under construction which will produce a substantial rental income in the future. A limited amount of industrial/warehouse space only is being built ahead of firm lettings and two substan*tial shopping developments* are being progressed upon a pre-letting basis.

Rent reviews during the next 12 months could produce up to a £0.25m increase in revenue, says the chairman. It is hoped that *other negotiations will also* be concluded that will bring the company's rent roll to well over £4m per annum by the time the 1982 accounts are issued.

The company's investment properties currently have a contracted rent *roll* of £3.5m. Further capital surpluses have accrued during the year and these will be reflected in the next independent valuation of the portfolio.

At June 30 1981, shareholders' funds were ahead from £46.07m to £48.38m, while total capital employed was £75.23m (£60.49m).

Meeting, Winchester House, EC, December 1, at 10.30 am.

SCOTTISH ONTARIO

Pre-tax revenue of **Scottish Ontario Investment** slipped from £765,000 to £734,000 for the six months ended September 30 1981 but the interim dividend is maintained at 1p net per 25p share.

Pre-tax figure was after *interest, unchanged at £6,000* and management expenses of £59,000 (£50,000). Tax charge was £273,000 against £281,000 leaving the available revenue at £461,000 compared with £484,000.

Stated earnings per share are shown as 1.64p (1.72p) and net asset value is given as 102.7p (95.8p) at par.

Orders up at William Boulton

Profitability in the [...] year at **William Boulton** [...] has yet to reflect the steps [...] to rationalise its activit[...] Denis Fahey, chairman [...] machinery manufacturer, [...]der, tells members in his [...] review.

Order book is now 30 p[...] higher than at the end o[...] last, but Mr Fahey sa[...] increase in the level of [...] does not apply to all the [...] companies.

The chairman says it wo[...] be wise to predict group [...]ability in the current yea[...] some of the present ec[...] factors are "themselves [...] predictable."

He believes, however [...] growth, checked by re[...] will be resumed as the e[...] recovers.

Some adjustments to [...] business have been made [...]sitated by the directors' [...] the structural change in [...] industry. Mr Fahey says [...] broad terms "we believe [...] in sound and compatible [...] giving scope for future ex[...] in spite of short-term [...] demand."

As reported on October [...] pared with pre-tax pr[...] £750,000 previously, the [...] finished the June 30, 198[...] with losses of £1.44m. [...] dropped from £28.66m to [...]

At the year end the [...] sheet shows shareholders [...] of £9.32m (£10.87m), [...] *current assets of £8.7m* [...]

On a CCA basis pre-t[...] is increased to £2.07m (£4[...]

Meeting, Newcastle, November 26, at 12.30 pm.

Fundinvest increases payment

An increased final div[...] to be paid by **Fundinvest**[...]ment trust, of 2.509p net [...] income share for the [...] September 30 1981, rai[...] total from 4.183p to 4.24[...]

Net revenue was [...] against £526,103, with t[...]parative figure co[...] £488,303 basic plus exc[...] funds received as spec[...]dends in respect of [...] investments.

Net assets at the [...] were £13.1m (£13.24m) [...] asset value per 25p capit[...] is given as 142p (144.25[...] this time took [...] (£261,605).

WINTERBOTT[...]

The net asset value p[...] of **Winterbottom Trust** [...] of business on Novembe[...] 80.8p after deduction [...] charges at par, and 83.[...] deduction of prior cha[...] market value

MINING NEWS

Low prices give Hudbay net loss in third quarter

BY GEORGE MILLING-STANLEY

LOW METAL prices and falling sales volumes combined to give Hudson Bay Mining and Smelting, the Canadian arm of South Africa's Anglo American Corporation group, a net loss for the third quarter of C$4.89m (£2.2m). This compares with a net profit of C$5.44m for the same period of 1980.

The company is to pay a dividend of 15 cents (6.7p) a share, against a regular 30 cents a quarter as recently as 1979.

The latest result reduces net profits for the first nine months of the current year to C$5.03m, against C$36.86m at the same stage of last year.

The figures are particularly disappointing, as it had begun to look as though Hudbay was coming right during the second quarter, after an especially poor start to the year. Second quarter net profits were C$9.07m, following the first quarter's C$580,000.

The leading Canadian natural resources group Noranda Mines reported a net profit of C$27m for the third quarter, compared with C$135.9m last time. The latest figure masks a loss at the operating level, as it includes an extraordinary gain of C$41.7m from the sale of Noranda's stake in British Columbia Forest Products.

Mr E. P. Gush, Hudbay's chairman, said yesterday that the Canadian metals division suffered from low metal prices, some recovery problems and a shortage of purchased concentrates at Flin Flon, Manitoba, and reported losses of C$2.92m. The division was also hit by weak conditions in the tantalum market.

In the copper division, low prices and production problems at the Christmas mine offset an overall high level of production by the Inspiration Copper subsidiary. The parent company's share of Inspiration's losses was C$3.61m.

Hudbay's share of the net loss of the coal division was C$683,000, as high interest costs and depreciation charges more than offset satisfactory operating income.

The seasonal weakness of the fertiliser market cut sharply into the contribution from Terra Chemicals. This fell to just C$50,000 in the third quarter, from C$5.79m in the second quarter.

Hudbay's earnings were also adversely affected by high interest charges paid on the borrowings raised by the Francana Oil and Gas subsidiary to finance the acquisition of a 30 per cent stake in Abode Oil of Texas from Amax of the U.S.

Nevertheless, Francana and its subsidiary Trend International contributed C$3.33m to Hudbay's results during the quarter.

WMC focuses on the future

NOT SURPRISINGLY in view of the depressed world economy, poor demand for nickel and aluminium and the adverse effects of a strong Australian dollar, Western Mining Corporation expects its profits for the first half of the current year to next June to be "substantially lower" than the A$31.94m (£19.5m) earned in the same period of 1980-81.

Sir Arvi Parbo, the chairman, added at the Australian mining group's meeting in Melbourne that it was impossible to predict the result of the company's second half at this stage, but he pointed out that the depression in the metals industry was a result of cyclical factors.

Looking towards better times, Sir Arvi said that world nickel stocks were low with output currently matching demand and there was thus likely to be a shortage when demand picked up. As a major producer of nickel, WMC was well placed to take advantage of this, he added.

On the exploration side, Sir Arvi reported "intense activity" at huge Olympic Dam copper-uranium-gold prospect in which BP Australia has a 49 per cent interest. He disclosed that an exploration shaft at the prospect is due to reach the orebody early next year.

Meanwhile, work continues on the many aspects of the legislative and environmental preparation for the development of mining and treatment facilities on the Olympic Dam site.

Of other joint ventures with BP Australia, the Stuart shelf prospect which surrounds Olympic Dam, and the Benambra copper-zinc-silver project in Victoria continue to provide "encouraging results."

Turning to oil and gas, Sir Arvi pointed out that WMC has already scored several successes with gas flows and he concluded that the group believes that there is considerable potential for new oil finds in Australia.

The group's proven exploration and management expertise leave no doubt about the excellence of the long-term prospects. In the meantime, however, WMC, like other mining majors, is having to live through a very difficult period and the current share price level owes much to expectations of future better times. The shares were 262p yesterday.

Better month for MMC tin output

PRODUCTION of tin concentrates by the companies in the Malaysia Mining Corporation group increased to 1,300 tonnes during October, compared with 1,214 tonnes in September and 1,261 tonnes in August.

Output rose sharply at Malaysia Mining Corporation (formerly Malayan Tin Dredging): in the four months to end-October the company produced 2,755 tonnes of tin concentrates. MMC's Southern Kinta Southern Kampar No. 2 dredge was shut down on October 29 for minor repair work.

Ayer Hitam also managed a useful increase in output last month but production over the past four months, 435 tonnes, is running well behind the 507 tonnes produced in the same period last year.

Berjuntai's total output for the six months to end-October, 1,801 tonnes is only marginally below that of the six-month period in 1980.

The company's No 9 dredge remained closed in preparation to enter the joint venture agreement with Kumpulan Perangsan Selangor. The No 6 dredge was shut down on October 29 for approximately three weeks to allow repairs to be carried out.

The latest tin concentrate outputs are compared in the following table.

	Oct tonnes	Sept tonnes	Aug tonnes
Aokam	109	114	146
Ayer Hitam ..	133	110	104
Berjuntai ..	277	294	310
Kuala Kampar	12	12	11
MMC ..	742	662	669
Sungei Besi ...	61	61	83
Tongkah Harb	34	36	31
Tronoh Mines..	59	58	66

Among the Gopeng group of Malaysian tin producers Gopeng's output of concentrates over the 12-month period—1,697 tonnes—compared with 1,921½ tonnes produced the previous year, while Idris Hydraulic recovered 8½ tonnes of concentrates from scavenging operations: the company's mining operations ceased September 26 following flooding and a landslide.

Outputs from the Gopeng group companies are compared below.

	Oct tonnes	Sept tonnes	Aug tonnes
Gopeng .	139¾	148¾	167¼
Idris	8½	7½	14¼
Mambang	42½	38¾	28¾
Tanjong	42½	18	10¼
Pengkalen .	5	5½	3½

RESULTS AND ACCOUNTS IN BRIEF

AMSTRAD CONSUMER ELECTRONICS (electronic, audio equipment)—Results for year ended June 30 1981 reported October 7. Shareholders' funds £4.77m (£3.67m): net current assets £3.98m (£2.83m): fixed assets £757,983 (£610,537). Meeting, Great Eastern Hotel, EC, November 26, noon.

ATTWOOD GARAGES (motor dealer and garage proprietor 68.9 per cent owned by British Car Auction Group)—Results for year to July 31 1981 reported October 28. Shareholders' funds £1.54m (£1.87m): fixed assets £622,868 (£1.13m): net current assets £955,433 (£1.02m) including bank overdraft £196,614 (£794,483): increase in working capital £665,742 (£374,036 decrease): increase in net liquid funds £598,431 (£46,100 decrease): current cost pre-tax losses £353,712 against historical losses £427,000. Group has no intention of expanding further into retail motor trade and is looking for acquisitions in service industries. Mr D. A. Wickins, chairman, says. Meeting, Farnham, Surrey, November 27, 11.30 am.

BRITISH INVESTMENT TRUST—Interim dividend of 4.2p (4p), to reduce disparity, in respect of year ending March 31, 1982. At September 30, 1981, net asset value per 25p share 236p (241p at March 31, 1981).

CAPSEALS (packaging materials maker)—Results for year to June 27 1981 reported October 10. Shareholders' funds £4.32m (£6.45m): loans and other borrowings £1.94m (£1.41m): fixed assets £4.2m (£3.66m), current assets £7.8m (£8.6m): current liabilities £5.81m (£4.41m): increase in working capital £2.6m (£954,000 decrease). Auditors say £1.57m provision for rationalisation in current year cannot be quantified. Immediate prospects difficult to assess, says chairman. Meeting: 27 Hill Street, W, November 23, noon.

DUCTILE STEELS—Results for the year to June 27 1981 and prospects reported October 21. Shareholders' funds £29.44m (£31.05m). Current assets £30.51m (£40.45m), current liabilities £11.98m (£17.34m). Decrease in working capital £3.15m (£736,000). Meeting: Willenhall, November 26, noon.

WINCHMORE—Interim 0.6p. Turnover half year to June 30 1981—manufacturing division £722,743 (£770,000). Gross revenue from investments £54,307 (£48,573). Pre-tax revenue £51,158 (£74,274). Division of profit—manufacturing £25,852 (£67,285) and other income £25,306 (£6,989). It is still believed that it will take some time for the manufacturing company to overcome the present economic conditions, but directors face the future with cautious optimism.

BIDS AND DEALS

Cater Ryder gains control of Allen Harvey

The offers made by Cater Ryder for the share capitals of Allen Harvey and Ross have been accepted in respect of 2,386,240 ordinary (86.9 per cent) and 333,725 cumulative part preference ordinary (83.4 per cent). Both offers have been declared wholly unconditional and each remains open for acceptance until further notice.

WARD WHITE OFFER LAPSES

The offer by Ward White Group for Hiltons Footwear has lapsed and accordingly, forms of acceptance together with accompanying documents, have been returned to shareholders.

NO PROBE

The acquisition by Rohm and Haas Company of certain assets of Borg Warner Corporation is not to be referred to the Monopolies Commission.

GLYN JOHN TRANSPORT

The Management buy-out of Cardiff-based road haulage concern Glyn John Transport has been completed with a mixture of loan finance, preference and equity share capital from investment company Moracrest.

The deal leaves Glyn John executives with control of 60 per cent of the company equity.

Glyn John Transport operates as a general haulage contractor throughout the UK, and in addition to its Cardiff headquarters has a depot in Stoke.

Delay for Pritchard Services U.S. deal

Pritchard Services, the industrial cleaning group, has been asked by the U.S. Justice Department to provide "certain further information" on its proposed acquisition of National Medical Consultants of the U.S.

Mr Peter Pritchard, the company's chairman, said last night that he still expected the deal, which involves an initial consideration of $37m (£19.8m) plus a deferred payment, to be completed before the end of the year.

Pritchard's shareholders will be asked to approve the purchase at an extraordinary general meeting on Thursday, as planned. Management expects the Justice Department's request to postpone the completion by 20 days plus the time required to provide the information needed.

It is understood that this related primarily to the hospital services aspect of the acquisition. Last year, Pritchard bought Crothall International which already has a strong U.S. presence in the sector. National Medical Consultants itself acquired American Management Services in 1980. Pritchard is planning to merge this subsidiary with Crothall International.

Together, the two companies are understood to offer Pritchard hospital service revenues next year of more than $100m and could give the UK parent a 20-25 per cent share of the U.S. market

The Justice Department's request is in line with the Hart-Scott-Rodino (anti-trust) pre-merger notification procedures. Completion of Pritchard's acquisition is conditional on the expiry of the waiting period required by them. Under the agreement with National Medical Consultants, all conditions on the deal must be satisfied by December 31.

Trafalgar offshoot seller of ACC non-vote shares

Interests of Mr Robert Holmes a Court, the Australian entrepreneur, acquired a significant part of their 10m non-voting shares in Associated Communications Corporation, the entertainments conglomerate, after a subsidiary of Trafalgar House decided to sell shares.

On November 3 The Direct Spanish Telegraph Company, a wholly-owned subsidiary of Trafalgar House, the property, construction, shipping and newspaper conglomerate, sold 2,864,250 shares representing 5.3 per cent of the non-voting "A" shares.

No price is disclosed but brokers for Mr Holmes a Court started buying at 52.5p per share and were believed to be paying up to 60p per share.

Lord Matthews, Trafalgar House's chief executive who sits on the Associated Communications Board, disposed of his private holding of 2,000 non-voting "A" shares on November 4 at 60p per share.

The Direct Spanish Telegraph Company holds 8 per cent of the important voting shares.

Mr Holmes a Court's share buying of Associated Communications equity was designed to increase his stake from about 30 per cent to 50.1 per cent in the non-voting shares. The deal was completed in the middle of last week.

SHARE STAKES

Ex-Lands—Jantar, following a purchase of 10,000 shares on November 3, is beneficially interested in 417,000 (9.35 per cent).

General Scottish Trust—Pension Common Investment Fund of Courtaulds holds 2m ordinary shares (10.2 per cent).

Hallite Holdings—The company has registered the transfer of 228,669 ordinary shares from the estate of the late Mr James Nicholson Hall to Mrs Iola Beatrice Hall his widow, who already held 70,235 shares. Mrs Hall now holds 298,904 shares (12.44 per cent).

Hanson Trust—N. M. Rothschild Asset Management has sold £23,000 and £21,000 of 9½ per cent conversion unsecured loan stock 2001-06 on November 6 on behalf of discretionary clients. In addition, N. M. Rothschild Asset Management sold 2,000 ordinary shares on behalf of discretionary clients at 278p per share.

Bestobell completes sale of a division

Bestobell, controls, aviation and energy engineering group, has completed the disposal of its consumer products division.

Bestobell Home Appliances, Slough-based manufacturer of Maxmatic kitchen waste disposal units, has been sold to Econa, part of Newman-Tonks Group for about £225,000.

This is the fourth and final sale since Mr A. B. Marshall, Bestobell chairman, announced at the AGM in May that the consumer products division would be sold.

"The achievement of this objective marks a significant stage in the strategic development of Bestobell around its core engineering businesses in the UK and overseas," said Mr Marshall.

GRANGE TRUST

In connection with the offer by Courtaulds Pensions Common Investment Fund for the ordinary stock units of The Grange Trust, it is estimated that if the formula net asset value (details of which are contained in the formal offer document) had been calculated on November 6, 1981 it would have amounted to approximately 156p per ordinary stock unit.

Winding up orders for 31 companies

Compulsory winding up orders against 31 companies were made by Mr Justice Vinelott in the *High Court* yesterday. They were: GMD Scaffolding Company, Cotborough, Studs Jewellery, Edward Wallinger, Blotland, Casablanca Machines.

N. Thompson, Protea Frozen Foods, Kemp and Pitcher, Measures and Sanderson, Downs Court (Wimbledon), Watkins and Davis, Blue Master, Textwing.

Regal Renovation Company, W. S. Proudfoot, Gomarch, Lady Tramp, Markcharts.

Scandic Credit and Commerce, Keeroy Engineering, Phoenix Aluminium, Rat Frames, Sherwood Transport (South West), Liagrance.

Brazilia Fashion, Lester Truck Sales (Croydon), Farmhouse Furniture, Marisa Martin Designs, Mash Audio Video, Arens Advertising.

A compulsory winding up order made on November 2 against D. Hales was rescinded and the petition was dismissed by consent.

LONDON TRADED OPTIONS

Nov. 9 Total Contracts 1305. Calls 1045. Puts 260.

Option	Ex'rcise price	Jan. Closing offer	Vol.	April Closing offer	Vol.	July Closing offer	Vol.	E.
BP (c)	260	62	20	72	—	—	—	31
BP (c)	280	42	25	52	—	—	—	
BP (c)	300	28	2	40	—	60	—	
BP (c)	320	17	20	—	—	—	—	
BP (c)	330	—	—	21	5	32	—	
BP (c)	360	3	15	—	—	—	—	
BP (p)	260	4	10	7	—	—	—	
BP (p)	280	6	8	11	—	—	—	
BP (p)	300	10	22	24	—	28	—	
CU (c)	140	12	24	15	—	19	—	14
CU (c)	160	8	20	10	1	—	—	
Cons. Gld (c)	500	32	1	50	—	65	—	49
Cons. Gld (c)	550	10	1	25	4	57	—	
Court'lds (c)	50	13	4	15	2	18	10	59
Court'lds (c)	60	6	46	9	30	12½	—	
Court'lds (c)	70	3	7	5	5	—	—	
Court'lds (c)	80	1¼	1	—	—	—	—	
GEC (c)	650	102	5	134	—	155	—	73
GEC (c)	700	62	10	95	—	115	—	
GEC (c)	750	32	29	64	—	77	—	
Gr'd Met. (c)	160	22	2	30	—	37	—	17
Gr'd Met. (c)	180	11	35	20	20	27	—	
Gr'd Met. (c)	200	4	25	9	—	—	—	
Gr'd Met. (c)	220	2	10	4	—	—	—	
Gr'd Met. (p)	160	9	8	12	—	15	—	
Gr'd Met. (p)	180	15	5	25	—	24	—	
ICI (c)	280	20	10	29	17	38	5	28
ICI (c)	300	11	15	16	21	—	—	
ICI (p)	260	9	15	16	—	30	—	
ICI (p)	300	24	1	30	—	—	—	
Land Sec. (c)	260	62	3	73	—	—	—	31
Land Sec. (c)	288	37	7	—	—	—	—	
Land Sec. (c)	312	20	15	—	—	—	—	
Land Sec. (c)	336	9	3	—	—	—	—	
Mks & Sp (c)	110	21	11	27	18	30	—	11
Mks & Sp (c)	120	12	36	17½	—	21	20	
Mks & Sp (c)	130	6½	6	10½	2	—	—	
Mks & Sp (c)	140	1½	2	5½	—	—	—	
Shell (c)	330	66	3	78	—	86	—	31
Shell (p)	390	20	14	34	—	44	—	
Shell (p)	420	8	2	16	—	—	—	
Shell (p)	360	10	11	18	13	22	—	
Shell (p)	390	16	3	25	20	34	2	
Shell (p)	420	32	2	36	1	—	—	
		November		February		May		
Barclays (c)	420	27	10	50	—	55	—	4
Barclays (c)	460	3	—	25	25	34	—	
Imperial (c)	60	5½	26	8½	—	10	—	6
Imperial (c)	70	1½	—	4½	—	5	25	
Lasmo (c)	460	30	1	70	—	84	—	4
Lasmo (c)	500	8	1	47	—	56	—	
Lasmo (c)	550	6	2	27	—	38	—	
Lasmo (c)	600	2	1	20	15	27	1	
Lonrho (c)	70	11	10	14	8	17	41	7
Lonrho (c)	80	2¼	10	8½	65	11	5	
Lonrho (c)	90	1	—	5	20	7	3	
Lonrho (p)	70	1	—	3½	1	4½	15	
Lonrho (p)	80	3	10	6½	10	9	14	
Lonrho (p)	90	11	—	12	—	14	20	
P & O (c)	100	35	—	40	2	43	—	1
P & O (c)	110	25	—	30	—	35	6	
P & O (c)	120	15	11	23	9	27	5	
P & O (c)	130	10	—	16	39	27	—	
P & O (c)	140	6	16	15	14	17	5	
P & O (c)	160	4	5	—	—	—	—	
P & O (c)	180	2	10	—	—	—	—	
Racal (c)	390	28	5	50	2	65	—	4
Racal (c)	420	6	2	32	1	45	2	
Racal (c)	460	2	4	17	—	27	—	
Racal (p)	330	1	—	7	3	—	—	
Racal (p)	360	1	—	12	35	30	5	
Racal (p)	390	6	3	20	4	27	—	
Racal (p)	420	15	2	27	4	33	—	
Racal (p)	460	48	—	50	—	53	—	
Racal (p)	500	88	—	90	—	95	—	
RTZ (c)	500	13	7	42	6	55	—	4
RTZ (c)	550	3	5	25	1	35	—	
RTZ (c)	600	1	—	14	1	23	1	
RTZ (c)	650	1	—	6	8	—	—	
RTZ (p)	430	1	—	10	—	17	5	
RTZ (p)	460	7	3	22	—	27	—	
RTZ (p)	500	25	—	30	—	35	5	

C=Call P=Put

EUROPEAN OPTIONS EXCHANGE

Series		Nov. Vol.	Last	Feb. Vol.	Last	May Vol.	Last
GOLD C	$400	1	35	—	—	—	—
GOLD C	$425	3	11	—	—	—	—
GOLD C	$450	—	—	—	—	10	36
GOLD P	$400	10	1	—	—	—	—
GOLD P	$425	12	4	—	—	—	—
		Jan.		April		July	
ABN C	F.280	2	13.50	—	—	—	—
ABN C	F.300	8	5	—	—	—	—
AKZO C	F.20	10	3 B	—	—	—	—
AKZO C	F.22.50	48	1.50	—	—	—	—
AKZO C	F.25	25	0.60	40	1.40	—	—
AKZO C	F.27.50	10	0.20	—	—	—	—
AKZO P	F.22.50	10	1.50	—	—	—	—
AKZO P	F.25	21	3.40	—	—	—	—
AMRO C	F.55	14	1	—	—	9	3.50
HEIN C	F.45	3	2.50	—	—	—	—
HOOG C	F.15	—	—	14	1.50	—	—
HOOG P	F.15	—	—	—	—	15	1.70
HOOG P	F.17.50	—	—	10	3.50	—	—
IBM P	$50	—	—	—	—	8	2½
KLM C	F.90	11	11	5	17	—	—
KLM C	F.100	93	7	3	11.50	—	—
KLM C	F.110	96	3.20	3	6 B	—	—
KLM C	F.120	3	1.90	20	4.50	—	—
KLM C	F.130	85	0.90	—	—	—	—
KLM C	F.140	8	0.60 B	—	—	—	—
KLM C	F.150	30	0.40	—	—	—	—
KLM P	F.80	57	1 A	—	—	—	—
KLM P	F.90	109	4.50	—	—	16	9.50
KLM P	F.100	8	9.50	—	—	—	—
NEDL C	F.150	38	5.30	1	9	—	—
NEDL C	F.160	—	—	4	5.20	—	—
NEDL P	F.140	4	3	—	—	—	—
NEDL P	F.150	—	—	4	9.50 A	—	—
NATN C	F.110	5	3.50	—	—	—	—
NATN C	F.115	22	1.50	—	—	—	—
NATN P	F.110	5	2.50	—	—	—	—
PETR C	Fr.4385	6	170	—	—	—	—
PHIL C	F.20	33	0.90	4	1.70	—	—
PHIL C	F.22.50	—	—	26	0.90	5	1
PHIL C	F.25	10	0.20	23	0.40	—	—
PHIL P	F.17.50	30	0.40	—	—	5	0.80
PHIL P	F.20	28	1.50	25	1.80	—	—
RD C	F.80	310	7.30 B	—	—	—	—
RD C	F.90	67	3.50	9	6	2	7.50
RD C	F.100	—	—	16	2.50	—	—
RD P	F.70	90	0.80	—	—	2	2
RD P	F.80	378	2.80	—	—	—	—
UNIL C	F.140	6	10	—	—	—	—
UNIL C	F.150	50	5.30	6	8.50	—	—
UNIL C	F.160	13	2.50 A	3	4.50B	—	—
UNIL P	F.130	10	0.70 A	—	—	—	—
UNIL P	F.140	2	3.50	—	—	—	—
UNIL P	F.150	23	7.50	—	—	—	—
		Nov.		Feb.		May	
MANN C	DM.160	—	—	5	3	—	—
SLUM C	$55	15	2½	—	—	—	—

TOTAL VOLUME IN CONTRACTS 2122

A=Asked B=Bid C=Call P=Put

BASE LENDING RATES

Bank	Rate
A.B.N. Bank	15 %
Allied Irish Bank	15½%
American Express Bk.	15½%
Amro Bank	15 %
Henry Ansbacher	15 %
■ Arbuthnot Latham	15½%
Associates Cap. Corp.	16 %
Banco de Bilbao	15½%
BCCI	15½%
Bank of Cyprus	15½%
Bank of N.S.W.	16 %
Banque Belge Ltd.	15½%
Banque du Rhone et de la Tamise S.A.	15½%
Barclays Bank	15 %
Beneficial Trust Ltd.	16½%
Bremar Holdings Ltd.	16½%
Bristol & West Invest.	17 %
Brit. Bank of Mid. East	15 %
■ Brown Shipley	15½%
Canada Perm't Trust	16 %
Cavendish G'ty T'st Ltd.	16 %
Cayzer Ltd.	16 %
Cedar Holdings	16 %
■ Charterhouse Japhet	16 %
Choulartons	16 %
Citibank Savings	¶15 %
Clydesdale Bank	15 %
C. E. Coates	16 %
Consolidated Credits	15½%
Co-operative Bank	*15½%
Corinthian Secs.	15 %
The Cyprus Popular Bk.	15½%
Duncan Lawrie	15½%
Eagil Trust	15 %
E. T. Trust Limited	15½%
First Nat. Fin. Corp.	18 %
First Nat. Secs. Ltd.	18 %
Robert Fraser	16 %
Antony Gibbs	15 %
Grindlays Bank	‡15 %

■ Guinness Mahon
■ Hambros Bank
Heritable & Gen. Trust
■ Hill Samuel
C. Hoare & Co.
Hongkong & Shanghai
Knowsley & Co. Ltd.
Lloyds Bank
Mallinhall Limited
Edward Manson & Co.
Midland Bank
■ Samuel Montagu
■ Morgan Grenfell
National Westminster
Norwich General Trust
P. S. Refson & Co.
Roxburghe Guarantee
E. S. Schwab
Slavenburg's Bank
Standard Chartered
Trade Dev. Bank
Trustee Savings Bank
TCB Ltd.
United Bank of Kuwait
Whiteaway Laidlaw
Williams & Glyn's
Wintrust Secs. Ltd.
Yorkshire Bank

■ Members of the Accepting Committee.
* 7-day deposits 14%, 14.25%. Short term months 15.60%.
† 7-day deposits on sums of and under 13½%, up to 14% and over £50,000 14½%
‡ Call deposits £1,000 and 13%.
§ Demand deposits 14%.
‖ 21-day deposits over £1,000
¶ Mortgage base rate.

SHARE STAKES

Parambe—D. T. H. Davenport, director, has acquired 172,500 ordinary shares non-beneficially. His total holding is now 1.31m of which 260,000 are non-beneficial.

R. and J. Pullman — M. A. Hope, director, through a trust, has acquired 79,250 shares, making holding 2,662,683 (12.76 per cent).

Ransome Hoffman Pollard—Norwich Union Insurance Group holds 1,833,374 ordinary shares (5.2 per cent).

Allied Residential — Plant Group has increased shareholding from ordinary by the purchase further 111,607.

British Benzol Carbon On November 3, G. bought 50,000 shares, G. 2,000 shares and R. J. 2,000 shares. All are and these are their holdings.

Argyll Foods—Mr Edwards acquired 50,000

CURRENCIES, MONEY and GOLD

Pound improves

Sterling rose to finish around its best level of the day in currency markets yesterday in relatively quiet trading. News of a half point cut in clearing banks' base rates to 15 per cent saw sterling ease slightly but only for a short while and it soon resumed its upward trend.

The dollar showed a slightly firmer tendency for most of the day but fell away in the last hour to finish down on Friday's closing levels in London. Euro-dollar rates continued to ease following Friday's fall in U.S. money supply figures, with the three-month rate down to 13 13/16 per cent from 14 1/16 per cent.

The French franc was easier against its partners within the European Monetary System yesterday ahead of expected relaxations in currency controls. The Belgian franc showed no clear trend after the recent General Election while the Danish krone remained the most improved currency. The D-mark was again the weakest member.

STERLING — trade weighted index (Bank of England) rose to 89.3 from 89.2, having stood at 89.4 at noon and 89.2 in the morning. Sterling opened at $1.8970 after an early indication of $1.8935 and rose to a best level of $1.9000 sometime before lunch. At noon it was quoted at $1.8950 and slipped to a low of $1.8875 but as the dollar slipped away so sterling rose to finish at $1.8920-1.8930, a rise of 1.5c and its best closing level for a month. Against the D-mark it rose to DM 4.1750 from DM 4.1700 and SwFr 3.3600 from SwFr 3.3550. It was also higher against the French franc at FFr 10.5550 from FFr 10.5350.

DOLLAR — trade weighted index (Bank of England) fell to 106.7 from 107.5. The dollar closed at DM 2.2050 from DM 2.2200 against the D-mark and SwFr 1.7750 from SwFr 1.7870. It was also lower in terms of the Japanese yen, closing at Y226.75 from Y228.75.

D-MARK — Weakest member of the European Currency System following the last currency realignment, but recovering slightly after trading close to its divergence limit for several weeks. It has also improved in terms of the dollar, following a weaker trend in U.S. interest rates and despite fears of a less favourable economic outlook for the Federal Republic. The improvement is largely the result of the recent decline in New York rates and has been encouraged by regular dollar sales by the Bundesbank in fairly quiet Frankfurt trading — The D-mark was mostly firmer at yesterday's fixing in Frankfurt. Sterling fell to DM 4.1660 from DM 4.1710 and the dollar slipped to DM 2.1978 from DM 2.2268. There was no intervention by the Bundesbank and the dollar's softer tone reflected a continued easing in Euro-dollar rates. However the latter were slightly up from opening levels but still down from Friday while the dollar was slightly better than a morning low of DM 2.1915.

Within the EMS the French franc slipped to DM 39.54 from DM 39.6050 per FFr 100 and the Belgian franc to DM 5.93 per B Fr 100 from DM 5.9340. Elsewhere the Swiss franc rose to DM 1.2459 from DM 1.2401.

BELGIAN FRANC — Trading around the middle of the EMS since the recent currency realignment and now comfortably within its divergence limit—The Belgian franc showed a general improvement after yesterday's fixing in Brussels but there was no clear trend as to future developments following results of the General Election. This left the future composition of any coalition Government uncertain. The dollar eased to BFr 37.08 from BFr 37.53 and sterling was lower at BFr 70.2050 compared with BFr 70.28. The D-mark fell to BFr 16.8550 from BFr 16.8670 and the French franc to BFr 6.6685 from BFr 6.6782½.

THE DOLLAR SPOT AND FORWARD

Nov 9	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8875-1.9000	1.8920-1.8930	0.22-0.12c pm	1.08	0.40-0.30 pm	0.74
Ireland†	1.6030-1.6100	1.6070-1.6100	0.50-0.40c pm	3.36	1.45-1.30 pm	3.42
Canada	1.1905-1.1925	1.1917-1.1920	0.41-0.44c dis	−4.28	0.90-0.95dis	−3.10
Nethlnd.	2.4150-2.4310	2.4230-2.4260	0.35-0.25c pm	1.49	1.03-0.93 pm	1.62
Belgium	36.99-37.20	37.17-37.19	8-13c dis	−3.41	34-40 dis	−4.00
Denmark	7.0770-7.1225	7.1175-7.1225	par-½ore dis	−0.21	¼-1¼ dis	−0.56
W. Ger.	2.1890-2.2120	2.2045-2.2055	0.60-0.55pf pm	3.13	1.84-1.78 pm	3.28
Portugal	63.60-63.90	63.60-63.80	30-130c dis	−15.07	70-260 dis	−10.36
Spain	94.30-94.70	94.40-94.50	10-20c dis	−1.90	30-45 dis	−1.59
Italy	1,175½-1,182	1,180-1,181½	6½-7½lire dis	−7.01	21-23 dis	−7.48
Norway	5.8060-5.8250	5.8060-5.8110	par-½ore dis	−0.52	½ pm-par	0.17
France	5.5300-5.5950	5.5775-5.5825	1.15-1.35c dis	−2.70	4.40-4.80dis	−3.31
Sweden	5.4460-5.4630	5.4515-5.4565	0.55-0.40ore pm	1.04	1.95-1.80 pm	1.37
Japan	225.80-227.00	226.70-226.80	1.50-1.30y pm	7.41	4.10-3.90 pm	7.08
Austria	15.38-15.45	15.43¾-15.44¾	5.20-3.70gro pm	3.46	12.25-8.25 pm	2.65
Switz.	1.7525-1.7780	1.7745-1.7755	0.73-0.63c pm	4.60	1.93-1.83 pm	4.24

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

THE POUND SPOT AND FORWARD

Nov 9	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8875-1.9000	1.8920-1.8930	0.22-0.12c pm	1.08	0.40-0.30 pm	0.74
Canada	2.2530-2.2620	2.2550-2.2560	0.60-0.70c dis	−3.46	1.20-1.40dis	−2.03
Nethlnd.	4.56-4.61	4.59-4.60	1⅛-⅞c pm	2.29	3-2½ pm	2.39
Belgium	69.90-70.50	70.30-70.40	14-24c dis	−3.24	57-67 dis	−3.53
Denmark	13.38-13.46	13.44¾-13.45¾	1⅞-⅞ore pm	1.23	2-4⅛ dis	−0.95
Ireland	1.1740-1.1840	1.1810-1.1825	0.10-0.20p dis	−0.99	0.61-0.76dis	−2.32
W. Ger.	4.14½-4.18½	4.17-4.18	1¾-1¼pf pm	4.31	4½-4 pm	4.07
Portugal	120.00-121.00	120.35-120.65	40-235c dis	−13.69	100-470 dis	−9.46
Spain	178.00-179.40	179.10-179.30	10c pm-10 dis	—	10-40 dis	−0.28
Italy	2,223-2,233	2,230-2,232	10-13lire dis	−6.19	36¼-40¼ dis	−7.87
Norway	10.99-11.04	11.00-11.01	2⅛-⅞ore pm	1.64	4⅛-2⅞ pm	1.27
France	10.48-10.57	10.55-10.56	½-1½c dis	−1.14	5¾-6¾ dis	−2.18
Sweden	10.31-10.35	10.33-10.34	2¾-1¼ore pm	2.54	7-6 pm	2.52
Japan	427-431	429-430	3.30-3.00y pm	8.80	8.90-8.45 pm	8.03
Austria	29.05-29.25	29.17-29.22	14-9gro pm	4.73	30-20 pm	0.27
Switz.	3.32-3.37	3.35½-3.36½	1⅞-1⅜c pm	5.80	4⅝-4⅛ pm	5.21

Belgian rate is for convertible francs. Financial franc 79.05-79.15. Six-month forward dollar 0.50-0.40c pm. 12-month 0.35-0.15c pm.

CURRENCY MOVEMENTS

Nov. 9	Bank of England Index	Morgan Guaranty Changes%
Sterling	89.3	−34.5
U.S. dollar	106.7	+0.9
Canadian dollar	87.8	−16.7
Austrian schilling	119.2	+25.7
Belgian franc	107.2	+9.7
Danish kroner	89.6	−8.3
Deutsche mark	124.1	+44.3
Swiss franc	155.4	+106.2
Guilder	115.6	+19.9
French franc	82.1	−13.6
Lira	56.3	−57.3
Yen	139.2	+34.1

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Nov. 6	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.619653	0.583871
U.S. $	13	1.16030	1.09476
Canadian $	17.62	1.38435	1.30846
Austria Sch.	6¾	18.0694	17.0782
Belgian F.	13	43.5461	41.0316
Danish Kr.	11	8.30369	7.84778
D mark	7½	2.58376	2.43639
Guilder	9	2.84564	2.68161
French Fr.	9½	6.51508	6.15225
Lira	19	1379.89	1301.67
Yen	6¼	265.767	250.505
Norwgn. Kr.	9	6.81908	6.42459
Spanish Pts.	8	110.864	104.462
Swedish Kr.	11	6.37643	6.02829
Swiss Fr.	6	2.08216	1.96509
Greek Dr'ch.	20½	—	61.3667

OTHER CURRENCIES

Nov. 9	£	$		£ Note Rates
Argentina Peso	12,018-12,038†	6346-6366†	Austria	29.05-29.35
Australia Dollar	1.6500-1.6540	0.8735-0.8740	Belgium	78.40-79.40
Brazil Cruzeiro	216.26-217.26	114.26-114.83	Denmark	13.31-13.46
Finland Markka	8.172-8.160	4.3230-4.3250	France	10.47-10.62
Greek Drachma	103.148-106.506	55.40-55.60	Germany	4.14-4.19
Hong Kong Dollar	10.60-10.62	5.61-5.62	Italy	2190-2265
Iran Rial	148.50*	79.25*	Japan	429-434
Kuwait Dinar (KD)	0.529-0.535	0.2806-0.2808	Netherlands	4.56-4.61
Luxembourg Fr.	70.30-70.40	37.17-37.19	Norway	10.96-11.08
Malaysia Dollar	4.2810-4.2910	2.2645-2.2675	Portugal	118½-150
New Zealand Dlr.	2.2740-2.2790	1.2035-1.2045	Spain	176¼-188¼
Saudi Arab. Riyal	6.44-6.50	3.4155-3.4185	Sweden	10.28-10.38
Singapore Dollar	3.9030-3.9130	2.0650-2.0680	Switzerland	3.32½-3.36½
Sth. African Rand	1.8130-1.8150	0.9580-0.9590	United States	1.88-1.98
U.A.E. Dirham	6.93-6.99	3.6715-3.6745	Yugoslavia	81½-86½

† Rate given for Argentina is the commercial rate. The financial rate for sterling is 19,009-19,029 and for the dollar 10,025-10,075.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU November 9	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7572	41.0036	+0.60	+0.37	±1.5368
Danish Krone	7.91117	7.84587	−0.81	−1.04	±1.6412
German D-Mark	2.40989	2.43390	+1.00	+0.77	±1.1077
French Franc	6.17443	6.15497	−0.32	−0.55	±1.3733
Dutch Guilder	2.66382	2.68326	+0.73	+0.50	±1.5063
Irish Punt	0.684452	0.689841	+0.79	+0.56	±1.6688
Italian Lira	1300.67	1301.54	+0.07	+0.07	±4.1229

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

Sterling/ECU rate for November 9 .... 0.584933

EXCHANGE CROSS RATES

Nov. 9	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.893	4.175	429.5	10.555	3.360	4.595	2251.	2.256	70.35
U.S. Dollar	0.528	1.	2.206	226.9	5.577	1.775	2.428	1179.	1.192	37.17
Deutschemark	0.240	0.453	1.	102.9	2.528	0.805	1.101	534.4	0.540	16.85
Japanese Yen 1,000	2.328	4.406	9.721	1000.	24.58	7.823	10.70	5194.	5.251	163.8
French Franc 10	0.947	1.793	3.955	406.9	10.	3.183	4.353	2114.	2.137	66.65
Swiss Franc	0.298	0.563	1.243	127.8	3.141	1.	1.368	664.0	0.671	20.94
Dutch Guilder	0.218	0.412	0.909	93.47	2.297	0.731	1.	485.5	0.491	15.31
Italian Lira 1,000	0.448	0.848	1.871	192.5	4.731	1.506	2.060	1000.	1.011	31.53
Canadian Dollar	0.443	0.839	1.851	190.4	4.680	1.490	2.037	989.1	1.	31.19
Belgian Franc 100	1.421	2.690	5.935	610.5	15.00	4.776	6.532	3171.	3.206	100

FT LONDON INTERBANK FIXING (11.00 a.m. NOVEMBER 9)

3 months U.S. dollars		6 months U.S. dollars	
bid 14	offer 14 1/8	bid 14 1/16	offer 14 3/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Nov. 9	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	14⅝-14⅞	13¼-13½	18-19	12⅞-13	3¼-3¾	10¾-10⅞	15⅝-15⅞	17-19	14-15	6½-6¾
7 days' notice	14⅞-15⅛	13⅜-13⅝	18-19	12⅞-13	5½-6	10¾-10⅞	15⅝-15⅞	17¾-20½	14½-16	6½-6¾
Month	14 11/16-15 1/16	13⅝-13⅞	17⅝-18	12⅝-12¾	9 1/16-9 5/16	10 11/16-10 15/16	15⅝-15⅞	20-21	16½-17½	6⅝-6⅞
Three months	14 13/16-14 15/16	13 11/16-13 15/16	17-17⅛	12 5/16-12 7/16	9 5/16-9½	10 5/16-10 7/16	16½-16¾	21-22	17¾-18½	6 7/16-7 1/16
Six months	14 11/16-14 15/16	13 15/16-14 1/16	17-17⅛	12-12⅛	9½-9⅝	10⅜-10½	17 7/16-17 11/16	21⅜-22⅛	17⅜-17⅞	6 9/16-6 15/16
One Year	14⅝-14⅞	14 1/16-14 5/16	17-17⅜	12-12⅛	8¾-8⅞	10 5/16-10 7/16	17⅞-18¼	21¾-23	16-16¾	7 1/16-7 7/16

SDR linked deposits: one month 12½-12⅞ per cent; three months 12 11/16-13 1/16 per cent; six months 12¾-13⅛ per cent; one year 13-13½ per cent.

ECU linked deposits: one month 13 13/16-14 3/16 per cent; three months 14 5/16-14 9/16 per cent; six months 14 9/16-14 11/16 per cent; one year 14¼-14⅝ per cent.

Asian $ (closing rates in Singapore): one month 13¾-13⅞ per cent; three months 13⅞-14 per cent; six months 14-14⅛ per cent; one year 14 3/16-14 7/16 per cent.

Long-term Eurodollar two years 14⅞-15⅛ per cent; three years 15-15¼ per cent; four years 15⅜-15½ per cent; five years 15⅜-15½ per cent nominal closing rates.

The following nominal rates were quoted for London dollar certificates of deposit: one month 13.25-13.35 per cent; three months 13.30-13.40 per cent; six months 13.30-13.40 per cent; one year 13.50-13.60.

MONEY MARKETS

London rates fall

London clearing bank base lending rates 15 per cent (since November 10)

Interest rates fell sharply in the London money market yesterday following the cut of ½ per cent to 15 per cent in clearing bank base lending rates. National Westminster Bank led the way to lower rates with the announcement of its base rate cut in the early morning. Interbank trading was very active, with rates falling amid speculation that the present downward trend will continue at least until the end of the year. This view was encouraged as most major U.S. banks came into line with a general prime rate level of 17 per cent, while the Federal funds overnight rate remained easy in early New York trading at 13½-13⅝ per cent, with the authorities draining reserves from the banking system by way of overnight reverse repurchase agreements.

Three-month interbank money was at 15⅛-15⅜ per cent in early London trading, but fell to 15 1/16-15 3/16 per cent on the announcement from NatWest, and closed at 14 13/16-14 15/16 per cent. Seven-day money opened at 15¼-15½ per cent, and finished at 14⅞-15⅛ per cent.

Day-to-day conditions were rather confused however, and overnight interbank funds closed very tight at 30 per cent, after opening at 15¼-15½ per cent and falling to a low of 12½-13 per cent as the Bank of England reduced its estimate of the underlying shortage. But market sources suggested that the shortage was probably even higher than the early morning official forecast of £150m, which was amended to £100m at noon.

The authorities did not intervene in the money market during the morning, and gave only £66m of assistance in the afternoon. The help was given by way of purchases of £37m bank bills in band one (up to 14 days maturity) at 14⅞-14¾ per cent; £10m local authority bills in band two (15-33 days maturity) at 14⅞ per cent; and £19m bank bills in band two at 14¾ per cent. In recent weeks intervention by the Bank of England has been within a general range of 15 1/16-15¼ per cent.

In the morning the authorities suggested that the major factors were likely to be bills maturing in official hands and a market take-up of Treasury bills −£135m, partly offset by Exchequer transactions +£30m, and a fall in the note circulation +£50m.

In Paris call money rose to 15⅞ per cent from 15¾ per cent, the first increase for about a month, reflecting fears about a weakening of the French franc in anticipation of moves to ease certain foreign exchange controls. Yields on six- and 12-month Treasury bills also increased at yesterday's Bank of France auction.

MONEY RATES

NEW YORK

Prime rate	17-17½
Fed. funds	13½-13⅝
Treasury bills (13-week)	11.35
Treasury bills (26-week)	11.60

GERMANY

Special Lombard	11.0
Overnight rate	11.0
One month	11.05
Three months	11.375
Six months	11.0

FRANCE

Intervention rate	15.25
Overnight rate	15.875
One month	15.5625
Three months	15.6
Six months	15.625

JAPAN

Discount rate	6.25
Call (unconditional)	6.875
Bill discount (three-month)	7.4375

LONDON MONEY RATES

Nov. 9 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills Φ	Eligible Bank Bills Φ	Fine Trade Bills Φ
Overnight	—	12½-30	15-15½	—	—	14½-15½	13-15	—	—	—
2 days notice	—	—	15-15⅝	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	14⅞-15¾	15¼-15½	—	—	15¼-15½	14¾-15½	—	—	—
One month	15⅛-15	15-15½	15⅜	15½-15⅛	15	15⅜	14⅝-14⅞	14½	14¾	15⅜
Two months	15-14⅞	14 15/16-15⅛	—	15⅛-15⅛	15	—	14⅝-14¾	14½	14⅝	15⅛
Three months	14 13/16-14 11/16	14¾-15⅛	15¼	15¼-15	15	15⅜-15⅛	14½	14¼-14⅜	14¼-14⅜	14⅞
Six months	14⅞-14⅝	14 11/16-15¼	15	14⅝-14	14⅞	—	—	—	13⅝-13¾	14½
Nine months	14 9/16-14 7/16	14⅝-15¼	—	14¾-14⅜	14 7/16	—	—	—	—	—
One year	14⅜-14 5/16	14⅝-15⅛	14¾	14¾-14⅜	14⅓	—	—	—	—	—
Two years	—	—	15	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 15⅝ per cent; four years 15⅝ per cent; five years 15½ per cent. ΦBank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 14⅛-14 3/16 per cent; four-month trade bills 14¾ per cent.

Approximate selling rate for one-month Treasury bills 14⅝ per cent; two months 14½ per cent; three months 14 5/16 per cent. Approximate selling rate for one month bank bills 15 3/16-15 5/32 per cent; two months 15 1/32-15⅛ per cent; and three months 14⅞ per cent; one month trade bills 15⅞ per cent; two months 15⅝ per cent; three months 15½ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 16 per cent from November 1 1981. Clearing Bank Deposit Rates for sums at seven days' notice 14 per cent. Clearing Bank Rates for lending 15½ per cent. Treasury Bills: Average tender rate of discount 14.8957 per cent.

GOLD

Slight rise

Gold was $1½ an oz higher than Friday's close at the end of business in the London bullion market yesterday at $429-430. However, this was its lowest level of the day having opened at $430½-431½. It was fixed at $430.10 during the morning and $429.75 in the afternoon. Initial strength was attributable to continued dollar weakness.

In Paris the 12½-kilo bar was fixed at FFr 78,000 per kilo ($436.41 per oz) in the afternoon compared with FFr 78,500 ($439.73) in the morning and FFr 79,000 ($437.60) on Friday afternoon.

In Frankfurt the 12½-kilo bar was fixed at DM 30,530 per kilo ($431.93 per oz), against DM 30,700 ($430.04) previously and closed at $429½-430½ from $427¾-428¾.

In Luxembourg the dollar per oz equivalent of the 12½-kilo bar was $430.50 from $428.25.

In Zurich gold finished at $429-432 compared with $427-430 on Friday.

	Nov. 9		Nov. 6	
Gold Bullion (fine ounce)				
Close	$429-430	(£226¾-227¼)	$427½-428½	(£227½-228¼)
Opening	$430½-431½	(£227¼-228)	$427½-428½	(£228-228½)
Morning fixing	$430.10	(£227.086)	$427.75	(£228.316)
Afternoon fixing	$429.75	(£226.781)	$428.25	(£228.035)
Gold Coins				
Krugerrand	$441½-442½	(£233½-234)	$441½-442½	(£235¼-235¾)
1/2 Krugerrand	$232-233	(£122¾-123¼)	$231-232	(£123-123½)
1/4 Krugerrand	$118-119	(£62½-63)	$117-118	(£62¼-62¾)
1/10 Krugerrand	$49-50	(£26-26½)	$49-50	(£26-26½)
Mapleleaf	$442½-443½	(£234-234½)	$442-443	(£235½-236)
New Sovereigns	$104½-105½	(£55¼-55¾)	$104½-105½	(£55¾-56¼)
King Sovereigns	$114-116	(£60¼-61¼)	$113-115	(£60-61)
Victoria Sovs.	$114-116	(£60¼-61¼)	$113-115	(£60-61)
French 20s	$97-107	(£51¼-56½)	$98-108	(£52¼-57½)
50 pesos Mexico	$533-536	(£282-283½)	$532-535	(£284½-286½)
100 Cor. Austria	$416-420	(£220-222)	$415-418	(£221¼-222¾)
20 Eagles	$555-560	(£293½-296½)	$557-562	(£297-299½)

APPOINTMENTS

Planning director for Burmah Group

Dr Gerald Owen will join the BURMAH GROUP as planning director on January 4. He will be appointed to the board of Burmah Oil Trading, the principal trading subsidiary of the Group, and will be a member of the Burmah Group management committee. Dr Owen is general manager, management development, for Dunlop.

★

Mr G. Michael Hostage has been appointed chairman, president and chief executive officer of the HOWARD JOHNSON CO. from January 1. This follows the announcement that Mr Howard Johnson would relinquish those posts on the same daet. Mr Hostage was president and chief executive officer of ITT Continental Banking Co., a position he held from January 1979. Howard Johnson is an Imperial Group company.

★

Mr Thomas R. Wilcox, chairman of the board of Crocker National Corporation, and Mr John B. M. Place, chairman of the board and chief executive officer of Crocker National Bank, have been appointed to the board of MIDLAND BANK. This follows the completion of the first stage in Midland's investment in Crocker. Parallel Midland appointments to the Crocker boards were reported in this column on October 22.

★

PENTOS is making organisational changes which involve its construction and furniture activities, effective from January 1. Mr G. A. Hazard, who is a main board director, will have overall responsibility for a newly established engineering and building services division and for Pentos Home and Office Products Group (formerly Caplan Profile Group), in addition to his existing responsibilities. The division will include Austin-Hall and Clifplant in addition to the existing subsidiaries of Pentos Engineering Group. Mr Brian Matthews joins Pentos from Jaycee Furniture to become chief executive of Pentos Home and Office Products Group.

Mr C. W. Freedman has resigned from the board of Pentos and all its trading subsidiaries but will provide consultancy services for a transitional period.

★

M AND T CHEMICALS states that Mr Dennis Weimer, a main board director, has been given special responsibility for sales and marketing for the group. He will continue as managing director of M. L. Alkan. This folows the resignation of Mr Dick Saunders as M and T's deputy managing director.

★

ST. GEORGE'S GROUP, laundry and linen rental, has appointed to the board of St. George's Industrial Services: Mr Tony Bozier as managing director, and Mr Colin Russ as financial director.

★

Mr Graham Thorley has been appointed commercial director of ODEX, a subsidiary of Paterson Zochonis (UK).

★

Mr John Stocks has joined DOWTY MECO at Worcester, as executive director—exports. He was general manager of the mining division of Joy (UK).

★

Mr John Booker has been appointed general manager of CHEMETRON fire systems division—European and Middle East operations. He was previously with Peabody/GEO International Corporation, at which he held a number of positions including managing director (Dutch operations) and director of international business development.

★

Mr Peter Taylor has been appointed to the board of SHERATON SECURITIES INTERNATIONAL.

★

Mr Raymond B. Haw has joined the board of WILLIAM MOSS PROPERTY DEVELOPMENT CO.

★

Mr Richard Carr has been appointed a director of BRITISH URALITE. He is chairman of Sandell Perkins.

★

HOLGATE, FISHWICK AND LEATHER, Bury, has appointed Mr B. H. Rigby as a director and general manager. He has been transferred from technical manager of sister company E. D. Warburton and Co. Both are subsidiaries of the Weston-Evans Group.

★

Mr Tony Morris has been appointed managing director of ALCOA EUROMETALS CENTRES, stockholding division of Alcoa.

★

Mr Peter Dickson has been appointed specialist underwriter to Lloyd's Syndicate 702 (Underwriter B. G. White) and also a director of DWB (UNDERWRITING AGENCIES), part of the Dugdale Group.

FT UNIT TRUST INFORMATION SERVICE

OFFSHORE & OVERSEAS FUNDS

Eurobond Holdings N.V. Pietermaai 15, Willemstad, Curacao. London Agents: Intel 15 Christopher St., EC2

Jardine Fleming & Co. Ltd. 46th Floor, Connaught Centre, Hong Kong

Rothschild Asset Management (C.I.) P O Box 58, St. Julians Ct., Guernsey. 0481 26331

Adig Investment

Albany Fund Management Ltd.

Alexander Fund

Allen Harvey & Ross Inv. Mgt. (C.I.)

Alliance International Dollar Reserves

Arbuthnot Securities (C.I.) Ltd.

B.I.A. Bond Investments AG

Bank of America International S.A.

Barbican Managers (Jersey) Ltd.

Barclays Unicorn International

Bishopsgate Commodity Ser. Ltd.

Bridge Management Ltd.

Britannia Intl. Investment Mngmt. Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

CAL Investments (IoM) Ltd.

Capdirex S.A.

Capital Asset Managers Ltd.

Capital International Fund S.A.

Central Assets Management Ltd.

Charterhouse Japhet

Chawton Commodities (Isle of Man) Ltd.

Cornhill Ins. (Guernsey) Ltd.

Cortexa International

Craigmount Fixed Int. Mngrs. (Jersey)

DWS Deutsche Ges. F. Wertpapiersp

Delta Group

Deutscher Investment-Trust

Dreyfus Intercontinental Inv. Fd.

Duncan Lawrie Inv. Mgt. (Jersey)

Emson & Dudley Tst. Mgt. Jrsy. Ltd.

The English Association

Asbestos producer falls to Quebec

By Robert Gibbens in Montreal

THE QUEBEC Government has negotiated an effective take-over of Asbestos Corporation, the second largest producer of the fibre in Canada, while avoiding the need to make an offer to minority shareholders.

The Government has been negotiating off and on for more than two years with General Dynamics Corporation, the U.S. aerospace concern, for acquisition of its 55 per cent holding in Asbestos and passed expropriation legislation which it threatened to use by November 30 if a deal could not be reached.

Now the Government is buying 51 per cent of General Dynamics Canada, through which General Dynamics holds the 55 per cent ownership of Asbestos Corporation.

The price is C$16m (US$13.4m) and the holding will be passed to Societe Nationale d'Amiante, a Crown corporation which already owns Bell Asbestos, the Quebec mining company.

The Government is now talking about a "partnership" with General Dynamics in the ownership of Asbestos for the next few years. The Government has an option to buy the remaining 49 per cent of General Dynamics Canada at C$42 a share. This would cost around C$81m after an interest payment factor.

Mining industry observers say the deal amounts to a gradual withdrawal of General Dynamics from Asbestos, while the Quebec Government can fulfil an election promise and pay for control over a period up to five years.

Also the method avoids buying out minority stockholders. Four years ago the Government said it valued the General Dynamics holding in Asbestos at C$42 per share and many assumed it would make an offer for both the General Dynamics holding and the 45 per cent held by the general public.

However the Government did not make such a commitment. At the time General Dynamics replied that its holding was worth around C$100 a share.

Asbestos share trading was halted yesterday and the last trade was C$37 per share on Friday. Observers estimate the market in the stocks will reopen in the C$25 to C$26 range because of the way the Government has structured the deal.

Downturn in MCA profits quickens in third quarter

BY OUR FINANCIAL STAFF

EARNINGS SLUMPED badly in the third quarter of this year at MCA, the California-based entertainment company which dominates U.S. production of television programming material. A slight downturn had already been registered in the first six months of the year but the setback in the third quarter has left earnings for the nine months at $75.7m or $3.17 a share, against $110.7m a year ago with the 1980 figure including $12.3m on tax claims.

Sales for the nine months are still firm at $990.2m against $959.6m.

In the third quarter, earnings slumped from $43.2m to $20.6m or 86 cents a share, on sales of $320.7m against $332.4m.

The company also announced yesterday that its subsidiary, Universal City Studios, has filed a new lawsuit against home videotape manufacturers to prevent them from continuing to "reap huge profits" from the sale of recorders without paying any compensation to film companies. Through Universal, MCA is industry leader for television prime time productions.

The suit, filed in U.S. District Court in Los Angeles, is similar to a previous one by Universal and Walt Disney Productions against Sony, the Japanese manufacturer.

The suit said videotape recorders are being used to make "millions of copies" of Universal's copyrighted films, which represent an investment of hundreds of millions of dollars.

But, Universal complained in the suit, owners of the films "receive no compensation for the mass copying which home video recorders make possible."

The suit said it is unfair and illegal for manufacturers and sellers of the recorders to "receive all the economic benefits from this copying without payment to the copyright owners of such motion pictures."

Universal said the suit is not against homeowners who use recorders for their own private non-commercial use.

The suit names distributors and advertisers of the recorders as well as the manufacturers.

MCA earned more than 50 per cent of its 1980 earnings of $125m from filmed entertainment. While some reduction is expected in earnings this year, analysts have been predicting a total of $4.50 to $4.75 a share, a total which now looks over optimistic.

In the first half, the sluggish earnings trend was blamed on lower contributions from filmed entertainment and losses at retail and mail order subsidiaries.

Swiss bank told to name clients

BY IAN HARGREAVES IN NEW YORK

THE SWISS bank at the centre of a row over alleged insider trading in a U.S. takeover battle earlier this year, Banca Della Svizzera Italiana, has been given one week to volunteer information on its clients involved in the share transactions said to be involved.

In what is becoming a test case of the willingness of U.S. authorities to tolerate the secretiveness of Swiss financial institutions, Judge Milton Pollack, a Federal court judge, said: "It would be a travesty of justice to permit a foreign institution to invade the American markets, violate the law, withdraw its profits and then claim anonymity."

The bank says that if it reveals the names of its clients, it will be subject to criminal prosecution in Switzerland.

The bank is accused of acting for customers who allegedly used insider information to trade options in St Joe Minerals when that company was a takeover target of the Seagram company.

The Securities and Exchange Commission last March froze about $2m in profits from the St Joe transactions, but has not yet identified the customers.

Judge Pollack said he was giving the bank a period of one week to persuade its customers to co-operate with the SEC investigation. If they agree to do so voluntarily, the issue of the bank's potential violation of Swiss law will be avoided.

Earlier, the Swiss had hoped to head off the legal challenge to their secrecy laws by getting the State Department to defuse the row with the SEC, but the State Department declined.

Judge Pollack says that if the Swiss do not come up with an acceptable form of co-operation, he may fine the bank or bar it from further investment in the U.S. securities markets.

GE expands factory automation interests

BY JASON CRISP

GENERAL ELECTRIC of the U.S. has extended its interests in factory automation by purchasing a 48 per cent share in Structural Dynamics Research Corporation, a specialist in computer-aided engineering.

Earlier this year GE bought Calma, one of the leading companies in computer-aided design and manufacture which specialised mainly in supplying equipment to the electronics industry.

GE bought its share in SDRC from the U.S. Steel Corporation and SDRC itself for $9.1m. GE is also setting up a joint marketing company—General Electric CAE International—in which it will have a 51 per cent interest to sell computer-aided engineering and factory automation software. GE is paying SDRC, with a 48 per cent share, $10m towards the joint venture.

Calma will also be offering computer-aided engineering products from SDRC. In the fiscal year to March 1981 SDRC had sales of $21.5m.

The computer-aided engineering products will also be offered through GE's Information Services company which specialises in communications in manufacturing and design and has its own factory automation products.

Creusot Loire drops Framatome merger plan

By Mark Webster in Paris

CREUSOT-LOIRE, the ailing French engineering group, has been forced to drop plans to merge with its expanding nuclear technology subsidiary, Framatome, apparently because of government concern to protect Framatome from Creusot-Loire's wider financial difficulties.

Instead, in line with the Government's policy of bringing the nuclear industry under its direct influence, the state's Atomic Energy Commission (CEA) is likely to increase its 30 per cent stake in Framatome, which makes key parts for French nuclear reactors, giving it a blocking minority.

At the same time, Creusot-Loire will be able to draw the benefits from its 66 per cent stake in Framatome, which last year showed a FFr 100m ($18m) profit on a FFr 4.5bn turnover after several years of losses.

Framatome's profits should help Creusot-Loire to overcome its own financial troubles. The group, which is 51 per cent owned by Empain-Schneider, has shown losses of more than FFr 1bn in the past four years.

The new plan for Framatome is part of the sweeping reorganisation of both Empain-Schneider and Creusot-Loire which was set in motion after the departure of Baron Edouard-Jean Empain as head of the group in February this year, when a 35 per cent stake was acquired by Paribas, the banking and industrial group which is now on the nationalisation list.

The Government apparently opposed the idea of merging Creusot-Loire and Framatome on the grounds that it did not wish to see the CEA, which has a 30 per cent stake in Framatome, become a significant shareholder in an industrial group which was involved in many other fields besides nuclear engineering.

It is also likely that the Government did not want to get too deeply involved with a company suffering serious financial problems. Creusot-Loire showed a loss of FFr 34m last year on an FFr 5.6bn turnover.

M Didier Pineau-Valenciennes, the new head of Empain Schneider, has not decided on the details of the reorganisation plan. But they will include the group's engineering and shipbuilding interests as well as its machine tool concerns.

It is likely that the metal and shipbuilding interests will be hived off. The big steelmakers, Sacilor and Usinor, could be persuaded to take on the metal business on a 50-50 basis, while shipbuilding might go to Chantiers Navales de la Ciotat and Constructions Navales et Industrielles de la Mediterranee.

Similarly, the loss-making machine-tool company, Ernault-Somua, could be hived off to one of the other big companies in the field, such as Hure or CIT-Graffenstaden.

Sharp advance at Bendix

By Our Financial Staff

BENDIX CORPORATION, the automotive and aerospace components group, pushed up net profits from $36.31m to $63.7m in its final quarter after including certain special items.

The profit, equal to $2.78 a share against $1.36, included a $1.41 a share gain from the sale of its United Geophysical subsidiary, while in the 1980 quarter there was a gain of 43 cents from the sale of another subsidiary. These items also added $1.32 a share (44 cents previously) to annual earnings of $8.35 a share compared with $5.38. Net profits for the year came to $204.47m against $134.2m.

In the latest quarter sales were unchanged at $1.01bn while for the year they increased from $3.86bn to $4.43bn.

The annual profit figures exclude gains of $10.14 a share compared with $2.30 a share from the sale of shares in Asarco, the base metals group, and of forest product operations. Also, the 1980 fourth quarter excludes a 34 cents a share gain from discontinued operations.

AMERICAN QUARTERLIES

BLACK AND DECKER

Fourth quarter	1980-81 $	1979-80 $
Revenue	312.1m	325.3m
Net profits	681,000	19.56m
Net per share	0.02	0.46
Year		
Revenue	1.43bn	1.44bn
Net profits	65.56m	90.01m
Net per share	1.56	2.14

BP CANADA

Nine months	1981 C$	1980 C$
Revenue	1.04bn	—
Net profits	41.6m	77m
Net per share	1.95	3.61

CANADIAN PACIFIC ENTERPRISES

Third quarter	1981 $	1980 $
Net profits	104.3m	108.9m
Net per share	0.74	0.80
Nine months		
Net profits	315.5m	357.8m
Net per share	2.24	2.68

COASTAL CORPORATION

Third quarter	1981 $	1980 $
Revenue	1.4bn	1.16bn
Net profits	1.83m	25.6m
Net per share	†0.01	1.08
Nine months		
Revenue	4.59bn	3.72bn
Net profits	†22.3m	80.6m
Net per share	†1.35	3.40

† Loss

Brighter economic indicators spark surge in Eurobonds

BY ALAN FRIEDMAN

THE EURODOLLAR bond market yesterday had one of its best days for several months as prices rose between 1½ and 2 points on average.

The market opened higher and in the afternoon, following news of a strong opening on the New York bond market, European investors were said to be "piling in" with buying orders.

The new ten-year 14½ per cent U.S. Treasury bond, which was trading at a bid price of 102⅛ on Friday, reached a high of 103⅞ bid in New York.

Bond traders attributed the rally to encouraging economic indicators, notably interest rate declines, and favourable money supply figures. But one trader warned: "The money supply figures helped and the U.S. unemployment figures helped and everybody seems to have forgotten that the Reagan Administration has given up on balancing the budget."

Despite the strength of the rally, there were only two new fixed interest Eurodollar issues: Japan Air Lines is offering $50m of seven-year bonds with an indicated coupon of 15½ per cent. Lead-manager is Citicorp and pricing is expected today.

Transco International NV, the finance subsidiary of the U.S. pipeline company, is launching $50m of seven-year bonds with the coupon indicated at 16½ per cent. The bonds are callable in 1985 at 101½ and the issue is led by Credit Suisse First Boston.

There was talk of the coupons on both these new issues being lower than indicated if the rally keeps up. The difference in coupons between the two reflects relative ratings.

Societe d'Hypotheque Procan, the Canadian mortgage bank, is launching a C$35m five-year issue with a coupon of 17½ per cent and at the price at par. The bonds are guaranteed by National Bank of Canada, the parent company.

In the D-mark sector, domestic bonds increased by one point while foreign bonds were up by ½ to ¾ point. The D-mark foreign bond sector opened up to Japanese convertibles yesterday for the first time in almost a year.

Mitsubishi Heavy Industries came to the market with a DM 150m offer of eight-year bonds, carrying a coupon of 6 per cent. Lead manager Deutsche Bank said the conversion premium would be 5 per cent. Mitsubishi's Tokyo share price yesterday was Y249, against a 1981 high of Y303 and a low of Y185.

A DM 100m foreign bond for an unnamed supranational borrower is expected today through Deutsch Bank. This issue, like the Mitsubishi offer, was not included in the DM 750m foreign bond calendar set for this month.

$250m Danish credit

BY OUR EUROMARKETS STAFF

DENMARK has awarded its long-awaited mandate for a $250m 10-year Eurocredit to a group of banks led by Sumitomo Bank.

The credit stipulates a five-year grace period, a spread of ⅜ per cent over the London inter-bank offered rate for the first five years and ½ per cent for the remaining five years.

The group includes Orion Royal Bank, which has the books on the transaction, Girozentrale (Vienna), Gulf International Bank and Saudi International Bank. Other banks involved are Copenhagen Handelsbank, Den Danske Bank af 1871, Privatbanken and R. Henriques Jr.

CEDEL t[o] use Swift computer system

By Our Euromarkets Staff

AN AGREEMENT has reached between CEDEL Luxembourg-based int tional bond clearing h and the Society for World Interbank Financial Tel munication (Swift) CEDEL's 1090 member in tions to make use of a system of computer term operated through Swift.

The co-operative agreemen to begin operating next day and a new com system has already installed in CEDEL's Lu bourg headquarters.

Swift is a non-profit organi which serves 900 me banks in Europe and where for the purpo electronic transmission messages covering such t as bank payments and ments.

The CEDEL/Swift conn marks the first expansi Swift services outside banking community. Mr Reutersköld, general ger of Swift, prest described the agreeme an "ice breaker." agreements with non might follow, he added.

One example of Swift's g outside of the tradi bank-to-bank area is its c mental service, sche to begin shortly for cheque, the European of multi-currency ch which can be written currencies.

Swift currently pro around 273,000 transact day, including central fund movements and f exchange transactions.

Mr Edmond Israel, chairm CEDEL, yesterday des the agreement with Sw a way of improving CE efficiency and cost. Th of a Swift transmission anywhere in the world cents, while a bond t message from Hong K Luxembourg, for ex could cost significantly by telex.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary [market] exists. For further details of these or other bonds see the complete list of Eurobond prices [which] will be published next on Monday November 16. Closing prices on Nove[mber 9]

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Anheuser-Busch 16½ 88	100	101⅞	102⅜	+1⅞	+3	15.97
APS Fin. Co. 17¼ 86	60	106⅜	106⅞	+2⅛	+3½	15.22
Br. Colum. Hyd. 16¾ 88	100	102⅞	103⅜	+1⅜	+3⅜	15.54
Br. Colum. Mfa. 17 97	54	104⅜	104⅞	+1½	+2⅜	16.17
Caterpillar Fin. 16½ 86	100	103⅜	103⅞	0	0	15.40
CIBC 15¾ 86	75	100⅜	100⅞	+1½	+3¾	14.98
CIBC 16¾ 91	100	103⅝	104⅛	+2⅛	+3⅜	15.93
Citicorp Int. Fin. 15 86	150	99⅞	100⅜	+1⅜	+3	14.90
Citicorp O/S 15½ 84	175	102	102½	+0⅝	+1⅛	14.22
Citicorp O/S 16¾ 86	150	104⅜	104⅞	+2	+3½	15.32
Cities Service 17 88	150	106⅝	107⅛	+1⅛	+3⅛	15.28
Con. Illinois 14¾ 84	100	98¼	98¾	+0½	+1½	15.37
Cons.-Bathurst 17½ 86	60	102⅛	102⅝	0	0	16.89
CPC Fin. 16¾ 86	50	106½	107	+1⅞	+3½	14.67
EEC 14¾ 93	65	93⅞	94⅛	+1¼	+3	15.84
EIB 16½ 88	100	102½	103	+1⅞	+2⅞	15.78
EIB 16¾ 91	100	101⅜	101⅞	+0½	+2⅝	16.40
Ford Cr. O/S Fin. 16 85	150	98⅞	99⅜	+1⅞	+1⅞	16.23
GMAC O/S Fin. 14¾ 87	100	97¼	97¾	+2½	+3⅜	15.41
GMAC O/S Fin. 16½ 84	300	102¼	102¾	+1⅜	+2⅝	15.38
Gulf States O/S 17½ 88	60	106⅛	106⅝	+2	+3⅝	15.88
Hiram Walker 16 86	50	101½	102	0	+1½	15.35
IBM Wld. Trade 14¾ 84	100	102⅜	103⅜	+1⅜	+1⅜	13.21
IBM Wld. Trade 14¼ 85	60	102	102½	+0⅛	+1	13.87
Nat. Bk. Canada 16½ 88	40	101	101½	+2⅜	+2½	16.83
New Brunswick 17 88	60	105⅝	106⅛	+2⅛	+3⅜	15.50
Newfoundland 17¼ 89	60	106	106½	+2⅜	+3¾	15.78
Nova Scotia 15 91	75	95	95½	+0⅝	+1½	15.94
Ohio Edison Fin. 17½ 88	75	105⅛	105⅝	+1⅜	+4¼	16.14
Pacific Gas Elec. 16 88	75	102⅞	103⅜	+1⅜	+1⅞	15.17
PSNH Int. Fin. 17 86	30	102⅜	102⅞	+0½	+1⅞	16.10
Quebec Hydro. 17¼ 91	150	104⅝	105⅛	+0⅝	+2⅝	16.19
Shell Canada 15¾ 91	100	101⅝	102⅛	+1⅞	+2⅜	15.32
South California 14¾ 88	50	98	98½	+1⅞	+3½	15.13
Swed. Ex. Cred. 15¾ 86	60	99½	100	+2½	+3¼	15.74
Tenneco Int. 17 89	100	105⅜	105⅞	+0⅞	+2⅜	15.68
Transcanada 17⅝ 88	75	105⅝	106⅛	+0⅞	+2	16.20
Walt Disney 15¾ 86	100	102½	103	+1½	+3¾	14.86
Wells Fargo Int. 15½ 84	50	102⅜	102⅞	+0½	+2½	14.11
Winnipeg 17 86	50	106⅛	106⅝	+2	+3¾	15.06
World Bank 14⅛ 86	500	97½	98	+2	+4	15.01
World Bank 16 86	210	100⅞	101⅜	+0⅝	+1¼	15.54
World Bank 16 88	80	101⅜	102⅛	+1⅜	+4¼	15.42
World Bank 16½ 86	130	104	104½	+2⅜	+4¼	15.17
World Bank 16½ 88	100	103½	104	+1⅜	+3¼	15.55

Average price changes... On day +1½ on week +2⅞

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 10 91	100	98	98¾	+0⅝	+1⅛	10.26
Asian Dev. Bk. 10⅝ 89	100	101¼	102	+0½	+0¾	10.43
Austria, Rep. of 8¾ 92	150	89½	90⅛	+0⅝	+1⅜	9.82
Belgelectric 11 91	100	101⅛	101⅞	+0⅜	+0⅝	10.74
CECA 10 91	120	100⅛	100⅞	−0¼	+0⅜	9.90
Council of Europe 10 91	100	98⅜	99⅛	+0¾	+1⅛	10.19
Cncl. of Europe 10¼ 91	100	99⅝	100⅜	+0⅝	+0⅝	10.25
EIB 8½ 90	200	90⅝	91⅛	+0½	+1⅜	10.07
EIB 10½ 91	200	101⅜	102⅛	+0½	+1⅜	10.18
ESCOM 9¾ 87	100	94⅝	95⅛	0	+0⅞	10.47
Finland, Rep. of 10 89	100	97⅛	97⅞	+0¼	+0½	10.47
Ind. Bk. Finland 8½ 90	50	90⅜	91⅛	0	+1¼	10.11
Int.-Am. Dv. Bk. 10 91	100	98⅞	99⅝	0	+0⅜	10.11
Japan Air Lines 8⅛ 87	100	93⅞	94⅜	+0¾	+0⅞	9.42
Japan Dev. Bk. 7⅝ 87	100	91⅞	92⅜	+1	+0⅝	9.40
Midland Int. Fin. 8½ 90	180	91⅞	92⅜	+0¼	+1	9.84
Mt. Bk. Dnmk. 10½ 91	100	99⅛	99⅞	+0½	+1	10.58
Nat. West. 11 91	125	103⅜	104⅛	+0½	+0⅛	10.37
OKB 10¼ 91	150	99⅝	100⅛	+0⅝	+1½	10.16
Renault Accept. 10¾ 86	150	99¼	100	+0½	+0⅝	10.82
Swed. Ex. Cred. 10¼ 91	100	99⅛	99⅞	+0⅝	+1	10.33
Venezuela, R. of 9¾ 90	150	93⅛	94⅛	0	−0⅜	10.87
World Bank 11 91	100	102⅝	103⅛	+0⅛	+0¾	10.48

Average price changes... On day +0⅜ on week +0⅞

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aeroport Paris 6½ 91	60	†93½	94	+1	+0⅛	7.43
BFCE 6½ 91	100	†91	92	0	0	7.81
Bayer Int. Fin. 5¼ 92	100	†89	89½	+0¾	+0½	5.67
Belgelectric Fin. 7¾ 91	100	101⅛	101⅜	+0⅜	+1¼	7.56
Bergen, City of 6¾ 91	40	99¼	99½	+0⅝	+2⅛	6.83
CECA 6¾ 91	80	94¼	94½	0	+0⅛	7.60
Dome Petroleum 5¾ 91	100	89½	89¾	+0¼	+1⅝	7.33
Dome Petroleum 7¼ 90	100	102	102¼	−0⅛	+1¼	6.91
Elet. de France 5¼ 90	100	85	85½	0	−3¼	7.59
Eurofima 5¾ 92	80	88	89	0	+3¼	7.31
Finland, Rep. of 5¾ 90	80	†87½	88	−0⅛	+0⅝	7.59
Franc. Petroles 6½ 91	80	92	93	−0⅜	+1⅜	7.64
Genstar 7 91	100	100⅜	100⅞	+0½	+1¼	6.88
Int. Amer. Dv. Bk. 7 91	100	97½	97¾	0	+1⅜	7.35
I/S Elsam 8½ 91	30	103	103¼	0	+0⅝	8.03
Japan Dev. Bank 5¾ 90	100	92⅜	92⅞	0	+1¼	6.86
Mt. Blanc Tunnel 5½ 90	60	†86	86½	−0⅛	+1⅜	7.70
Neder. Gasunie 8 91	100	104¼	104½	0	+0⅝	7.38
OKB 7 93	100	97½	97¾	+0¼	−0⅜	7.30
Oslo, City of 8 91	100	104¼	104½	+0⅛	+1¼	7.38
Swed. Ex. Credit 7¼ 91	75	96	96½	−0⅛	+3	7.84
Trade Dev. Fin. 6⅛ 90	50	†90	90½	+0⅛	−0¼	7.68
Voest-Alpine 5¾ 90	80	88½	88¾	+0¼	+2½	7.55
World Bank 6 91	100	†90	90½	+0⅞	+1½	7.51
World Bank 7 90	100	99¾	100	+0½	+1⅜	7.01
World Bank 8 91	100	103	103⅛	0	+1⅜	7.54

Average price changes... On day +0½ on week +1

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8⅛ 91	15	97	98	0	0	8.63
Australia 6½ 88	20	85½	86½	−0½	−0⅛	9.45
EIB 7¾ 89	12	93¾	94¾	+0⅛	0	8.79
Finland 6.8 88	10	86⅜	87⅜	0	0	9.53
Finland, Rep. of 8⅛ 87	15	96	97	+0¼	+0⅞	9.19
New Zealand 8⅛ 87	15	97⅜	98⅜	+0⅜	+0½	8.85

Average price changes... On day 0 on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
CIBC 13½ 85 C$	50	†94½	95½	+1	+3½	15.35
CIBC 11½ 85 C$	60	†90	91	+2½	+5	14.98
Federal Dev. 11½ 90 C$	60	†81	82	+1½	+4	15.47
Federal Dev. 17¼ 86 C$	40	†103	104	+1	+2	16.65
Fst. Can. Inv. 10 84 C$	50	†87½	88½	+1	+2½	16.07
GMAC (Can.) 18 87 C$	60	†105	106	+1	+1	16.44
Tordom Cpn. 13½ 85 C$	30	†87½	88½	+0½	+2	14.13

	Issued	Bid	Offer	Change on day	Change on week	Yield
M. Bk. Dnmk. 9 91 EUA	25	76	77¾	−2⅛	−[illegible]	[illegible]
SOFTE 8¼ 89 EUA	40	74½	75½	0	[illegible]	[illegible]
U. Bk. Nwy. 9½ 90 EUA	18	80¾	82	0	−[illegible]	[illegible]
Algemene Bk 10¼ 86 Fl	60	94¾	95¼	+0½	+[illegible]	[illegible]
Amfas Group 12¼ 86 Fl	40	97¾	98¼	—		[illegible]
Amro Bank 12 86 Fl	75	100	100½	+0½	+[illegible]	[illegible]
Amro Bank 12 86 Fl	60	99¾	100¼	—		[illegible]
Heineken NV 10 87 Fl	100	94¼	94¾	+0¾	+[illegible]	[illegible]
Pierson 10½ 86 Fl	50	93¼	93¾	+0½	+[illegible]	[illegible]
Rabobank 12 88 Fl	50	100¼	100¾	+0¾	+[illegible]	[illegible]
Air France 14¼ 86 FFr	200	91⅝	92⅝	0	[illegible]	[illegible]
Bk. America 14½ 86 FFr	250	92⅛	93½	+0½	+[illegible]	[illegible]
Charb'nages 13⅞ 85 FFr	400	90⅝	91⅞	0	[illegible]	[illegible]
EIB 14½ 88 FFr	300	87	88	+0¼	+[illegible]	[illegible]
La Redoute 14¼ 85 FFr	125	90⅛	91⅛	+0⅛	+[illegible]	[illegible]
OKB 14 86 FFr	400	91¼	92¾	+0⅝	+[illegible]	[illegible]
Solvay et C. 14¾ 86 FFr	200	91¼	92¼	+0⅝	+[illegible]	[illegible]
Swed. E. Cr. 14⅝ 86 FFr	250	90⅛	91½	+0⅛	+[illegible]	[illegible]
U. Mex. Sts. 14 85 FFr	150	91⅝	92⅛	0	−[illegible]	[illegible]
Acena 14 85 £	20	88⅞	89⅞	0	[illegible]	[illegible]
Beneficial 14¼ 90 £	20	80⅛	80⅞	+0¼	+[illegible]	[illegible]
BNP 13½ 91 £	15	83¾	84	+0⅝	+[illegible]	[illegible]
CECA 13½ 88 £	20	85¼	86	+0¾	+[illegible]	[illegible]
Citicorp O/S 13½ 90 £	50	87½	88¼	+1⅛	+[illegible]	[illegible]
Fin. Ex. Cred. 13¾ 86 £	15	89⅞	90⅝	+0¾	+[illegible]	[illegible]
Gen. Elec. Co. 12½ 89 £	50	84¼	85¾	+2	+[illegible]	[illegible]
Hiram Walker 14¾ 86 £	25	91⅝	92⅝	+0⅞	+[illegible]	[illegible]
Privatbanken 14½ 88 £	12	87¾	88½	−0¼	−[illegible]	[illegible]
J. Rothschild 14¾ 90 £	12	89⅞	90⅝	+1½	+[illegible]	[illegible]
Royal Trustco 14 86 £	12	92⅝	93⅞	+4	+[illegible]	[illegible]
Swed. Ex. Cr. 13¾ 86 £	20	80¼	90⅝	+1⅞	+[illegible]	[illegible]
Akzo 9¾ 87 LuxFr	500	85⅝	86⅝	0	−[illegible]	[illegible]
Euratom 9¾ 88 LuxFr	500	87¼	88¼	0	−[illegible]	[illegible]
Eurofima 10½ 87 LuxFr	500	89⅛	90⅛	−0⅛	−[illegible]	[illegible]
EIB 9¾ 88 LuxFr	600	83⅞	84⅞	+0⅛	+0[illegible]	[illegible]
Volvo 9⅞ 87 LuxFr	500	84½	85½	+0⅛	0[illegible]	[illegible]

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Montreal 5¼ 90	0¼	99½	100	18/12	16⅝	[illegible]
Bank of Montreal 5¼ 91	0⅛	100	100½	29/4	17.06	[illegible]
Bk. Nova Scotia 5⅛ 93	0¼	100	100½	29/4	17.06	[illegible]
BBL Int. 5 88	0¼	99¾	100¼	20/11	18.3[illegible]	[illegible]
BFCE 5¼ 88	0⅛	100	100½	26/4	15.9[illegible]	[illegible]
BNP 5½ 88	‡0⅛	100	100½	29/1	16⅜	[illegible]
Christiana Bk. 5½ 91	‡0¼	98¾	99¼	5/2	15.56	[illegible]
Co-Ban Eurofin 5½ 91	0¼	98¾	99¼	14/4	16.65	[illegible]
Den Norske Credit 6 90	‡0¼	99⅛	99⅝	5/2	15.88	[illegible]
Genfinance 5¼ 87	0¼	100½	101	30/4	17.06	[illegible]
Genfinance 5¼ 92	0¼	99⅞	100⅜	30/12	18.31	[illegible]
Giro und Bank 5¼ 91	‡0¼	99⅝	100⅛	23/12	17½	[illegible]
GZB 5¼ 92	‡0⅛	99¼	99¾	5/12	17¼	[illegible]
Ind. Bank Japan 5¼ 88	0¼	100⅛	100⅝	9/4	16⅝	[illegible]
Lloyds Eurofin 5¼ 92	§0⅛	99¼	99¾	4/12	17.44	[illegible]
Lloyds Eurofin 5¼ 93	§0⅛	99⅞	100⅜	29/4	17.13	[illegible]
LTCB Japan 5½ 89	0¼	99⅝	100⅛	16/1	18.32	[illegible]
Midland Int. Fin. 5¼ 92	0⅛	99½	100	5/12	17⅜	[illegible]
Midland Int. Fin. 9 91	0¼	99⅞	100⅜	30/4	17.06	[illegible]
[illegible] Fin. 5½ 88	0¼	98½	99	25/3	17.31	[illegible]
Nat. Bk. Canada 5½ 88	0¼	100	100½	24/3	17.5[illegible]	[illegible]
Nat. West. Fin. 5⅞ 91	§0¼	99⅝	100⅛	15/1	18⅛	[illegible]
Nat. West. Fin. 5¾ 92	§0⅛	100	100½	23/4	17	[illegible]
[illegible] Fin. 5½ 91	0⅛	98½	99	6/5	16⅝	[illegible]
[illegible] 91	0⅛	98⅛	98⅝	8/4	17	[illegible]
[illegible] 88	0⅛	97¾	98¼	14/2	18.81	[illegible]
[illegible] Fin. 5¼ 88	0¼	99½	100	24/3	17⅜	[illegible]
Societe Generale 5⅞ 91	0⅛	99⅝	100⅛	22/1	16⅝	[illegible]
Sparbanken 6 87	0⅛	98⅞	99⅜	18/12	16.81	[illegible]
Sumi. Fin. Asia 5½ 88	0¼	100⅛	101⅛	6/2	12.56	[illegible]
Svenska Hndlsbk. 5 87	0¼	100	100½	16/1	18⅜	[illegible]

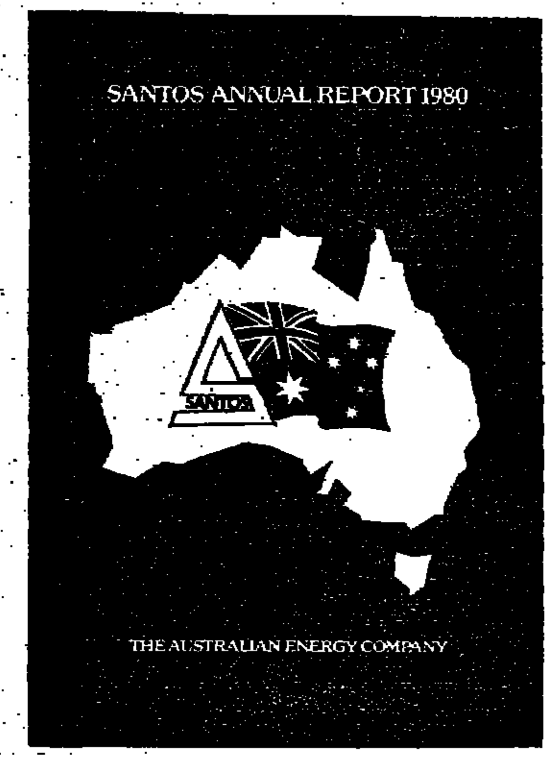
Average price changes... On day +0⅛ on week [illegible]

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5¼ 96	7/81	933	90½	92	+3⅜	[illegible]
Bow Valley Inv. 8 95	4/81	23.12	96	99¼	+0⅝	[illegible]
Canon 6¾ 95	1/81	825	113½	[illegible]	[illegible]	[illegible]
Daiwa Secs. 5½ 96	12/81	539	†78½	[illegible]	[illegible]	[illegible]
Fujitsu 5¼ 96	10/81	6770	101½	102⅝	[illegible]	[illegible]
Furukawa Elec 5¾ 96	7/81	300	106⅝	108½	[illegible]	[illegible]
Hanson O/S Fin. 9½ 96	8/81	2.74	*184	86	−3	[illegible]
Hitachi Cred. Cpn. 5 96	7/81	1966	90⅝	92⅝	[illegible]	[illegible]
Inchcape 8 95	2/81	4.55	†68	[illegible]	[illegible]	[illegible]
Kawasaki 5¾ 96	9/81	229	[illegible]	[illegible]	[illegible]	[illegible]
Marui 6 96	7/81	931	93¾	[illegible]	[illegible]	[illegible]
Matsushita El 7½ 95	11/80	580	84½	[illegible]	[illegible]	[illegible]
Minolta Camera 5 96	10/81	909	74¼	[illegible]	[illegible]	[illegible]
Murata 5¼ 96	7/81	2190	84	[illegible]	[illegible]	[illegible]
NKK 6¼ 96	7/81	188	93½	[illegible]	[illegible]	[illegible]
Nippon Chemi-C. 5 91	10/81	919	83	[illegible]	[illegible]	[illegible]
Ricoh 6¼ 95	8/80	606	117⅝	[illegible]	[illegible]	[illegible]
Sanyo Electric 5 96	10/81	652	80⅛	[illegible]	[illegible]	[illegible]
Sumitomo Met 5¼ 96	10/81	305	89	[illegible]	[illegible]	[illegible]
Swiss Bk. Cpn. 6¾ 90	9/80	200	†76	[illegible]	[illegible]	[illegible]
Taylor Woodrow 8¾ 90	1/81	4.94	*177	[illegible]	[illegible]	[illegible]
[illegible] 8½ 95	2/81	66	†80½	82	[illegible]	[illegible]
[illegible] 95	12/80	31.25	†73½	75	[illegible]	[illegible]
Union Bk. Switz. 5 89	2/80	70.78	†83⅛	[illegible]	[illegible]	[illegible]
Sharp Cpn. 6½ 88 DM	9/80	591.2	160½	[illegible]	[illegible]	[illegible]
Uny Co. [illegible] 85 DM	11/79	879.3	103	104	+0⅜	[illegible]

* No information available—previous day's price.
† Only one market maker supplied a price.
Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.
Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.
Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Industry Update AUSTRALIA

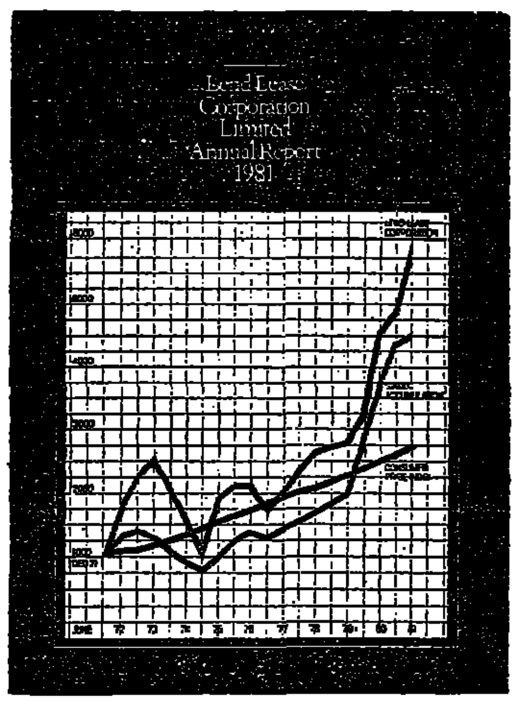
An investment briefing is published in today's survey on Australia (see centre pages).



antos Ltd.

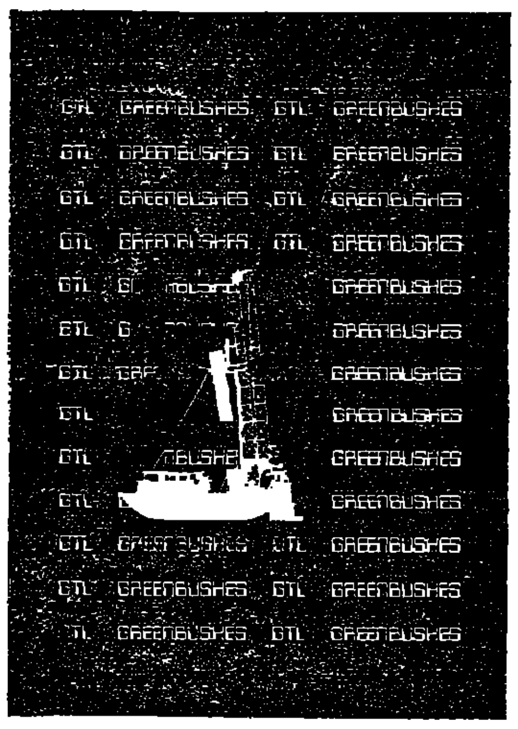
ıntos, one of the Australia's top ten listed companies, leads :e consortium producing from Australia's largest onshore ıergy source — the Cooper Basin in South Australia. The ea supplies the natural gas requirements of the whole of 'ew South Wales and South Australia. Oil and gas ›ndensate production for the $A750m Liquids Scheme in ıe Cooper Basin is scheduled for 1983, and sales of gas quids are expected to begin in 1984.

ıcreased sales helped Santos lift net profits by 81% to A7.8m for the first half to June, 1981. The interim dividend as doubled to 2c.



Lend Lease Corporation Ltd.

Lend Lease is Australia's largest property development, construction, and property development management group. It has shown strong growth over a 24-year history, with net profits after tax last year reaching a record $A23.41m ($A20.35m). The major contributions came from building and engineering 34.8%, property management 29.5%, development 15.9%, and international 16.3% where it plans further expansion in the US, Asia and the Pacific region. Lend Lease believes in low gearing and recovering capital invested at an early stage. Debt to equity last year was 18.5%. During the present financial year the group will receive $A85m from the sale of Sydney's Australia Square. It is budgeting for increased revenue and profit.



Greenbushes Tin Ltd.

The western world will become increasingly dependent on the rare metal tantalum.

Until recently there were grave doubts about the supply of tantalum and serious shortages were feared as existing sources became depleted.

Greenbushes Tin changed this outlook dramatically with a discovery which will provide a quarter of the Western world's needs whilst remaining a significant tin producer.

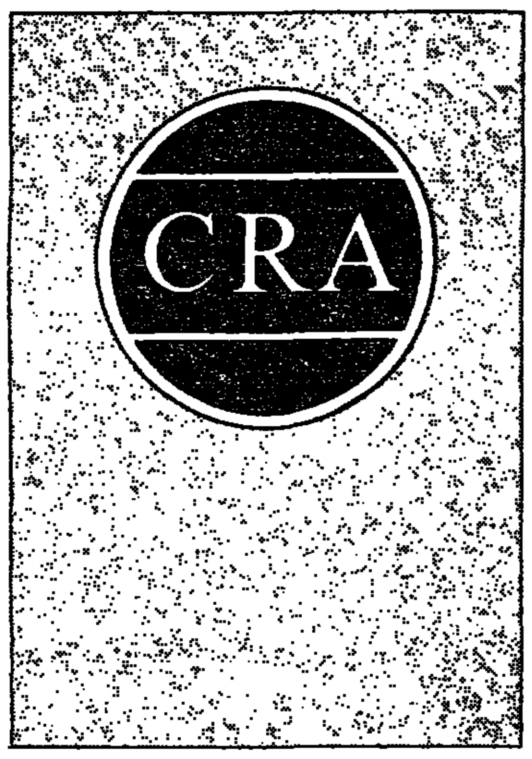
This discovery, in Western Australia, has ensured that a strategic metal with unique characteristics will be in ample supply well into the next decade.

Boral Ltd.

Boral is one of the largest Australian public companies with a turnover of over A$600 million. The principal activity is the manufacture of a wide range of building materials. In addition, the company is a major distributor of LPG throughout Australia and the South Pacific. In partnership with ESSO the company is exploring for oil and gas in Galilee Basin of Queensland. About ninety per cent of the company's operations are located in Australia and ten per cent in the sunbelt of the U.S.A.

idge Oil Ltd.

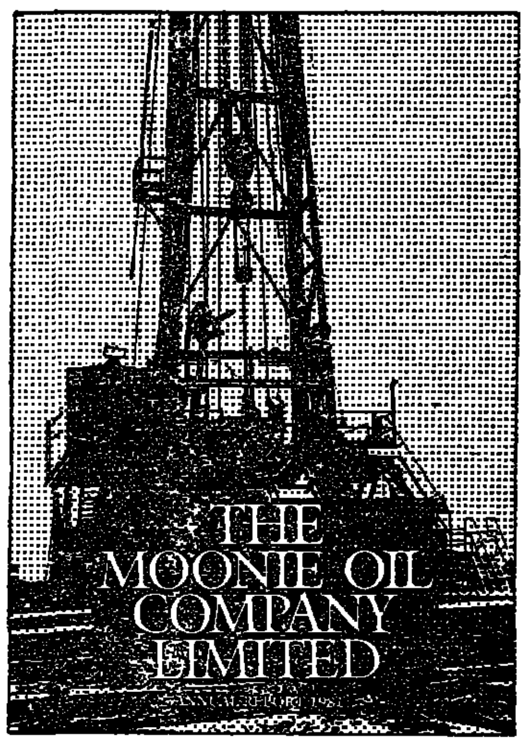
.dge Oil Limited is an energy fuel explorer and producer. :roleum revenue 1980/81 (second full year of production) s A$5.7 million. Substantial additional revenue will accrue m 1983 from presently committed projects: oil — Cooper sin South Australia and Surat Basin Queensland; natural . — Ohio USA; contract petroleum drilling in Australia; n diamond mining Guinea West Africa. Not yet nmitted is the development of steaming coal reserves in stralia totalling over 1,200 million tonnes. Petroleum ıloration tenements cover over 116,000 sq. miles. Other ıeral activity includes uranium and bauxite.



CRA Ltd.

CRA is the largest mining company in Australia, with a strong international outlook. The CRA Group is a major producer of lead, zinc, iron ore and aluminium and operates one of the largest copper mines in the world. It is an important producer of gold, coal, silver, salt and uranium and has interests in diamonds, tin and bauxite.

Japan is the Group's principal export market from Australia and Papua New Guinea.

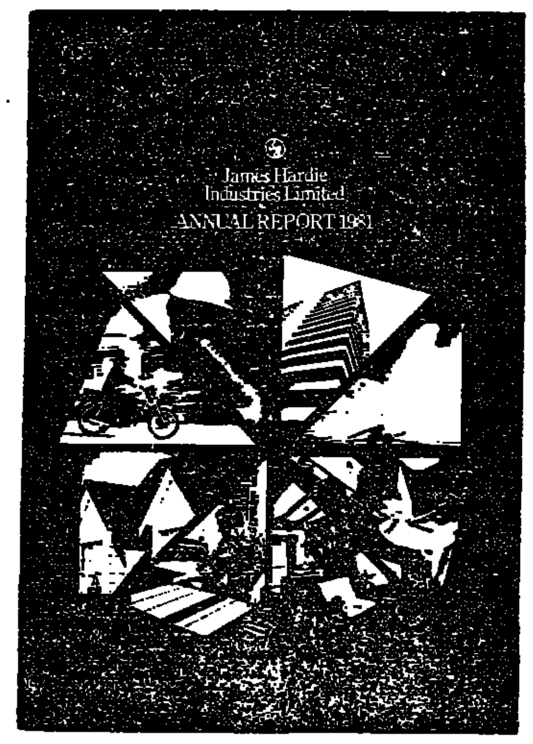


The Moonie Oil Company Ltd.

The Moonie Oil Company Limited is an Australian owned and managed company primarily engaged in oil and gas production, oil field development projects, petroleum exploration in two of the more promising onshore basins in Australia and, in a joint venture with Arco, development of a huge deposit of brown coal.

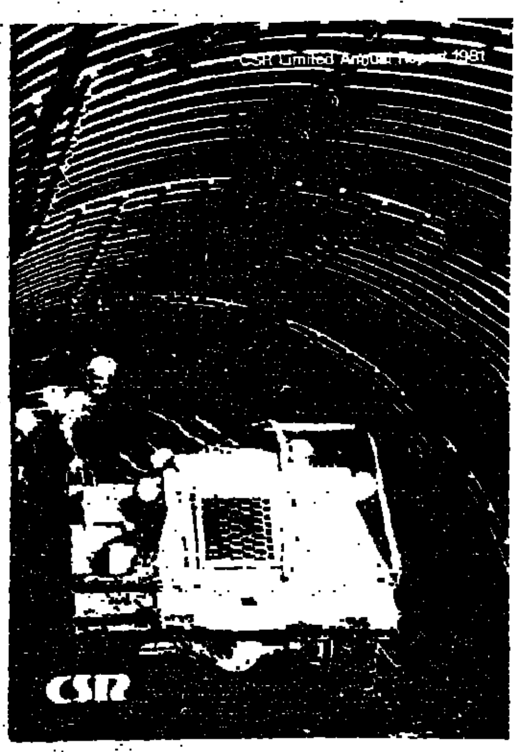
Moonie Oil also has strategic investments in several resource based listed public companies whose assets have substantial development potential.

The Moonie Oil Co. balance sheet is strong with no significant debt obligations.



James Hardie Industries Ltd.

James Hardie Industries is one of Australia's largest manufacturing enterprises with sales of A$1,000 million pa and employs 14,500 people. Predominantly in fibre cement, plastic and ceramic building products including cladding, pipes, plumbing and bathroomware, plus electrical and decorative products, it has significant interests in paper conversion, stationery and packaging, and is a major importer of industrial products. It owns Australia's largest publishing house and has interests in film animation, audio/video tapes and in other leisure industries. The group has major overseas interests in New Zealand, Indonesia, Malaysia, Singapore, Hong Kong, USA and Europe. Net profit, after tax, in 1980/81 was A$33.9 million.

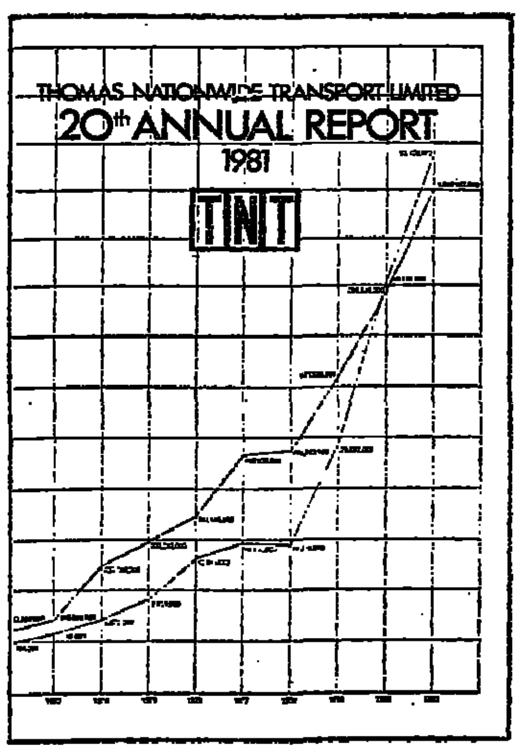


SR Ltd.

ıfits were $US131 million year ended 31 March 1981, up % from the previous year. Gross revenue was $US3.38 ion, up 31%. Dividends of 21 US cents/share were paid.

ıfits from sugar doubled. Coal production exceeded ıillion tonnes. Contributions from oil, gas, contract lling, bauxite, alumina, tin, iron ore and most building terials improved, but pastoral properties, industrial ımicals and copper were down.

ture priorities are to expand existing operations and to ng several major resource projects into production at an ly date.



Thomas Nationwide Transport Ltd.

TNT is an international organisation providing a comprehensive range of transport services in Australia, New Zealand, Canada, the United States, Brazil, the United Kingdom/Continental Europe and South East Asia.

The Company's land transport business can be broadly split into three categories of service: general freight, express freight and specialised operations which include bulk cartage, car carrying, security delivery, refrigerated transport, waste disposal and distribution services.

TNT is also involved in shipping and in airline operations, both passenger and freight.

Industry Update AUSTRALIA

To: Alan Ogden
Financial Times
(Room 403C)
Bracken House
10 Cannon Street
London EC4P 4BY

Please send me the following Annual Reports

☐ Santos Ltd. (available April 1982)
☐ Lend Lease Corporation Ltd.
☐ Greenbushes Tin Ltd.
☐ Boral Ltd.
☐ Bridge Oil Ltd.
☐ CRA Ltd. (available April 1982)
☐ The Moonie Oil Company Ltd.
☐ James Hardie Industries Ltd.
☐ CSR Ltd.
☐ Thomas Nationwide Transport Ltd.

NAME ____________________

POSITION ____________________

COMPANY ____________________

ADDRESS ____________________

Head of Swiss Volksbank resigns after silver loss

BY JOHN WICKS IN BERNE

DR HANS FREY has resigned as executive chairman of the Berne-based Swiss Volksbank, the fourth biggest in Switzerland, after the disclosure last week of large losses in silver trading by the bank's Geneva branch.

Mr Raymond Moennath — a retired manager with former responsibility for Geneva — has also resigned from the board, while Mr Alain Brussard, recently in charge of the Geneva branch, has left the bank.

The new executive chairman is Mr Walter Ruegg, already a general manager. Mr Rolf Beeler has been promoted to general manager. At the same time the company warned of a sharp drop in net profits for the current year, for reasons unconnected with the silver contracts.

Dr Ernst Brugger, the board chairman and a former Swiss Economics Minister, said in Berne yesterday that Swiss Volksbank was already committed to forward silver contracts of the Geneva branch before the board was informed.

A large part of the contracts went through between late August and late September, 1979, he added. The board had demanded the immediate liquidation of the contracts, which at the peak numbered 6,000.

However, because of "lack of routine experience" and because too much regard had been paid to the interests of clients, only one-third of the contracts had been settled by the end of 1979 and two-thirds by mid-March of the following year.

The losses, which led to Volksbank setting aside nearly SwFr 140m ($78.3m) from unpublished reserves in 1980 and this year, arose on the remaining 2,000 contracts after the collapse of the silver price in March, 1980.

The bank states that all silver contracts are now liquidated, so there will be no further risks from silver deals.

Dr Brugger said that profits before tax and depreciation had fallen by 12.5 per cent in the first three quarters of 1981 and would probably show an even greater decline for the year as a whole.

Also, because of considerable depreciation requirements in the securities sector and elsewhere, the drop in net profits would be "much greater," he explained, indicating that the dividend might be about halved in comparison with last year.

In 1980 Volksbank had paid a 14 per cent dividend after a rise in net profits to SwFr 68.9m.

Delors hints at further action on Paribas

BY DAVID HOUSEGO IN PARIS

M JACQUES DELORS, the French Minister of Finance, declared yesterday that "the last word has not been said" over the break-up of Paribas.

M Delores left the clear impression that he did not accept as final, the loss of the Swiss and Belgium subsidiaries of the French banking group which is being nationalised. Asked in an interview whether he believed Paribas France could recover them, he said: "No—but I have ideas that I cannot reveal now."

He said that the Paribas board had been asked to maintain the bank's links with its foreign partners "respecting their convictions" and in a manner that ensured the group remained a "bridgehead for national and international development."

At the very least M Delors' remarks imply that the French Government expects the closest ties between Paribas and its former French and Belgian subsidiaries after nationalisation.

More likely is that M. Delors believes that the intensive lobbying the French Government is now undertaking in Switzerland and Belgium will bear fruit in the shape of a compromise with Pargesa.

Arabs buy control of Ballast-Nedam

By Charles Batchelor in Amsterdam

A MIDDLE EAST investment group, the Amsterdam-based Minefa Holdings, will become the majority shareholder in the Dutch construction group, Ballast-Nedam. Minefa will take over the 33 per cent holding in Ballast currently held by Antillian Holding Company, taking its stake to about 70 per cent.

The market value of a one-third holding in Ballast is Fl 36m ($14.7m). The company has 1.52m Fl 20 nominal shares on issue. They were quoted at Fl 71 on the Amsterdam stock market yesterday.

Minefa is owned by Saudi Arabian and other Middle East investors and is used as a holding company for a number of their interests in Europe and the U.S. Antillian Holding is part of the Heerema Holding company, a group with worldwide engineering and offshore interests.

Ballast carries out 70 per cent of its work abroad and 70 per cent of that is in Saudi Arabia. It recently won a $564m order to build a causeway linking Bahrain with the Saudi mainland. The company last month said it expected net profits to rise 12 per cent this year to Fl 28m on turnover Fl 500m lower at Fl 1.8bn.

German coal group takes stake in U.S. reserves

BY KEVIN DONE IN FRANKFURT

RHEINBRAUN (Rheinische Braunkohlewerke), West Europe's biggest lignite producer, is expanding its overseas mining interests with the acquisition of a 24 per cent interest in coal reserves in South-west Pennsylvania held by Conolidation Coal a subsidiary of Du Pont.

It is taking the holding in the Manor/Nineveh coalfields which has estimated recoverable reserves of 360m tonnes.

Rheinbraun, a subsidiary of RWE (Rheinisch Westfälische Elektrizitätswerke), West Germany's largest power utility, is taking a 24 per cent share in both the financing and the production. Consolidation Coal will remain the operator.

Work has already started on preparing the first of five possible underground mines on the site and production is expected to begin in 1984, leading to an annual output of 2.2m tonnes by 1987. If the two companies go ahead with the long-term development of all five mines, output could eventually total 12.5m tonnes a year.

Rheinbraun, which produces around 120m tonnes a year of lignite in the Federal Republic, chiefly for power generation, is planning to ship its share of the U.S. coal production to West Europe. It will be aimed at the industrial heat market and will be sold partly as coal dust as an alternative to heating oil.

Rheinbraun's move into U.S. coal production is part of a concentrated drive by West German energy groups to acquire foreign energy reserves. It already has shares in uranium production in Canada and Australia, and in Australia it is also conducting a feasibility study for the exploitation of large lignite deposits in Victoria. The lignite output in Australia will be used as feedstock for local liquefaction plants, chiefly for the production of petrol.

Consolidation, the second largest U.S. coal producer and part of Conoco, which was recently acquired by Du Pont, has interests in 53 mines in the U.S. and Canada and had output last year of 50m tonnes.

Third-quarter boost for BMW

BY OUR FRANKFURT STAFF

BAYERISCHE MOTOREN Werke (BMW), the West German manufacturer of high performance cars and motor cycles, is confident that the lowest point in the motor industry recession has been passed.

BMW achieved a 10 per cent increase in car volume sales in the third quarter of 1981 in the domestic market and it expects both production and sales for the full year to be above the level set in 1980.

Fewer production days in the first quarter and the introduction of the new 5-series models earlier this year depressed output in the first half of 1981 with the result that car volume sales in the first nine months were still lying 1.5 per cent below the corresponding period for last year at 244,497 units.

Sales in the domestic market were down by 6.1 per cent at 98,689 units and BMW car production has only been sustained at a high level by continuing strong demand from export markets. Foreign sales were up in the first nine months by 1.9 per cent to 145,808 cars.

Group turnover rose by 14.1 per cent in the first nine months of 1981 to DM 6.86bn ($3.1bn) but the company warned in a letter to shareholders that its profits had not matched last year. Margins have come under pressure from sharply rising raw materials and labour costs.

BMW is planning to hold capital investment next year at around the 1981 level of DM 1 bn and is pressing ahead with the large-scale introduction of robots into its car plants.

About 10 per cent of the new 5-series model is assembled by robots, according to Herr Hans Koch, executive board member with responsibility for production and this share could be increased to some 40 per cent by the end of the 1980s. BMW now has around 40 robots on its assembly lines, but this total is expected to jump to some 300 by the end of 1982.

The company has benefited strongly from the boom in motorcycle sales in West Germany and elsewhere this year, with volume sales up by 14.9 per cent to 23,678 units in the first nine months. Sales in the home market increased by 12 per cent to 8,890, while export sales jumped by 16.6 per cent to 14,788.

Motorcycle production in the first nine months of the year was 14.2 per cent above the corresponding period last year at 23,997 units, while car production over the same period was down by 1.2 per cent at 249,015.

Currency factors hit Pan Am in Berlin

By Leslie Colitt in Berlin

MR C. EDWARD ACK
chairman of Pan Amer
World Airways since Sep
ber, yesterday visited on
the financially troubled
line's few profitable o
tions, its Inner Ge
Service linking West B
with five West German
through air corridors
East Germany.

Pan Am and British Air
which serves five other
German cities from B
are normally reticent
their earnings on the B
routes. But Mr Acker
the IGS had a "small p
last year on $170m
revenue. A $7m profit
been anticipated for
year. He noted, however
the German Service's c
bution to Pan Am tur
is expected to fall to $
while incurring a los
some $5m this year.
reason, he said, was the
value until recently of
dollar to the D-mark.

Pan Am and BA fares bet
West Berlin and West
many are well below
charged by Lufthansa f
equivalent route inside
Germany. The West G
Government provides a
sidy to passengers
reduces the round-trip
between West Berlin
Munich to DM 346 (
from DM 420.

Mr Acker assured West B
governor mayor,
Richard von Weizsäcke
the airline plans to ma
the frequency of its
to West Germany. It ha
gested earlier this yea
this might not have be
case if a small Am
charter company ope
out of West Berlin
Berlin U.S., had been
permission by the
allied air attaches in
to operate a schedule
vice— at lower fares be
Berlin and Frankfur
most frequently flown

"If you allow the comp
which did not have
financial backing," Mr
explained, "it could
the market. A pric
would result and bot
panies (Pan Am and i
Airways) would lose m

Today West German and c
from America meet in
ington to negotiate ov
Am's request to lower
from Frankfurt to New
The airline has a
announced a hefty rec
on the eastbound rou
the West German Gover
is known to be st
opposed to fare-slashing
would force Lufthan
follow suit.

Mr Acker, 52, who le
Florida into the big tin
earnings of $11.3m in t
six months of this yea
that in October things a
began turning around
Am. The airline's do
load factor was 65 pe
compared with 51.9 pe
in October of last year

There were currently
reservations more than
ago. He predicted tha
result of the steps take
September to "stop the
ing" Pan Am would
"return to prosperity."

Veuve Clicquot in Givenchy perfumes deal

By Mark Webster in Paris

ONE OF France's best known champagne producers, Veuve Clicquot Ponsardin, has taken a controlling interest in the prestige perfume concern, Parfums Givenchy, in its first attempt at diversification.

The move ends any lingering hopes of the UK's Beecham group to get a sniff of the perfume business since it launched its bid for Parfums Givenchy in October 1978. The deal was blocked by a French law controlling foreign investment in French companies which has since been amended.

When the Beecham deal fell through, no suitable French bidder could be found, so the state-owned investment company, Institut de Developpement Industriel (IDI), stepped in and took a 65 per cent stake.

Givenchy was one of four companies owned and run by M Hubert de Givenchy and his brother, who still retain control of their fashion businesses.

IDI said yesterday it was not its policy to keep a majority stake in companies whenever possible, and it had therefore decided to sell off 61 per cent of Givenchy to Veuve Clicquot. It will keep a 4 per cent shareholding in the company for what it described as "psychological." reasons while M Hubert de Givenchy still holds 25 per cent.

Veuve Clicquot is planning a one-for-five rights issue worth FFr 87.5m ($15.6m) to finance some 90 per cent of the purchase.

Parfums Givenchy showed a net profit last year of FFr 13m on a turnover of FFr 160m, while Veuve Clicquot turned in net profits of FFr 55m on its FFr 500m turnover.

Esso to close its second largest German refinery

BY OUR FRANKFURT STAFF

ESSO, the West German subsidiary of Exxon of the U.S., is to close its Cologne refinery. It is the latest move in a series of sweeping rationalisation measures in the European refining industry.

The shut-down of the 5.7m tonnes a year Cologne refinery, second largest of Esso's four refineries in Germany, is the biggest closure to date in the German oil industry, but further cuts in capacity are expected from other oil companies.

Shell announced last month that it plans to close its 2.8m tonnes a year refinery in Ingolstadt, cutting its overall capacity in West Germany from 16.6m tonnes a year to 13.8m tonnes. Elf of France and Deutsche BP are cutting the capacity of their Speyer refinery from 8m tonnes a year to 5m tonnes. (Elf holds a 75 per cent interest in this plant).

Overall, Deutsche BP is seeking to cuts its refinery capacity to only 14m-15m tonnes a year, from 24m tonnes a year in 1979. A recent deal with Shell will help cut its capacity to about 19m tonnes a year in 1982.

Elbit returns to profit in first half

ELBIT, Israel's foremost computer producer and part of the Elron electronics group of Haifa, has returned to profit for the six months ended September 20. It reports earnings of Sh 14.7m ($1.1m) as compared with a loss of Sh 2.7m in the same period of 1980, writes L. Daniel in Tel Aviv.

Sales rose to $33.5m this year as against $27.7m in April/September 1980. Net earnings per share rose to Sh 3.28 from a loss of Sh 0.74. The management atributes the turnround mainly to a reduction in marketing costs and greater production efficiency and attributed past losses principally to unsuccessful attempts to penetrate civilian markets

China Bus lifts earnings

By Our Hong Kong Correspondent

CHINA MOTOR Bus Company, which earlier in the year was at the centre of a takeover battle, yesterday announced a 15 per cent increase in consolidated profit to HK$33.59m (U.S.$6m) in the year ended June 30.

An increase in fares from April boosted the net profit from bus operations by 82 per cent, to HK$23.99m from HK$13.20m. However, a substantial investment in fixed assets during the year meant that operating profit again did not reach the level permitted by the profit control scheme. As a result, HK$8.29m was transferred from the development fund to make up for the difference.

The final dividend has been set at 35 cents per share, making a total payout of 45 cents for the year, an increase of 56.25 per cent

RIMMED DOWN YARDS SHOW THEIR STRENGTH

Japanese shipbuilders forge ahead

BY YOKO SHIBATA IN TOKYO

'ERATING PROFITS of pan's six major shipbuilders se sharply in the six months September 1981. Shipbuild-g itself accounts for a much ialler proportion of business an it did in 1977 or 1978 but was a recovery in profitability the companies' shipbuilding visions that lifted profits— ecit to only half of the levels hieved in 1977-1978.

Mitsubishi Heavy Industries IHI) increased turnover by 38 r cent, helped by an advance sales of the shipbuilding divi-on of 46 per cent to account r 22.2 per cent of the total. ie chemical plant division in-eased sales by 168.4 per cent account for 7.5 per cent of sales. Shipbuilding earnings re lower than those of other ipbuilders because of delays reducing the workforce.

However exchange gains of i.4bn from the yen's deprecia-n against the dollar helped e company to achieve a 39 per nt rise in operating profits to .0.03bn ($43.8m). MHI pects increased sales of ships d prime movers in the rrent half year to lift full ar turnover by 28 per cent Y1,700bn. Operating profits are projected at Y27bn, up 18 per cent.

Ishikawajima-Harima Heavy Industries (IHI) more than trebled operating profits to Y8.4bn. Shipbuilding division sales rose by 41 per cent, shiprepairing turnover by 57 per cent and exports by 52 per cent.

In the current half sales of plant at only marginal profits are expected to limit earnings and full year operating profits are projected at Y10bn for a rise of only 6 per cent.

Sales by the shipbuilding division of **Kawasaki Heavy Industries (KHI)** advanced by 119 per cent to account for 25.5 per cent of the total, off setting sluggish sales of plant (up 3.9 per cent) and machinery (down 2.0 per cent). Operating profits were nine times higher at Y6.68bn helped by an improvement in profitability of new shipbuilding, strong gains from exports of motorcycles, and the yen's depreciation. Even after a loss of Y1.76bn on the delayed construction of a cement plant in Iraq net profits were doubled.

In the current half year, sales of unprofitable plant, including Iraq's cement facility, are expected to put a damper on profits and the full year operating result is projected at Y7bn, up 103 per cent.

Hitachi Shipbuilding and Engineering lifted sales of profitable offshore structures such as oil rigs (up 281.6 per cent) and industrial plant (up 161.6 per cent). The company sees a further earnings improvement in the current half year with full year operating profits forecast at Y12bn (up 132.5 per cent).

A significant improvement in the shipbuilding division and a stabilising of raw material costs helped **Mitsui Engineering and Shipbuilding** to raise operating profits by 217 per cent. The number of vessels sold declined, but sales in value increased by 35 per cent because of increased tonnage. The company's cost to sales ratio improved by 1.5 per centage points. Mitsui expects full year operating profits to reach Y14bn (up 103 per cent).

Sumitomo Heavy Industries' shipbuilding division returned to profit and brisk sales of offshore equipment (up 49.7 per cent) also contributed to the improvement in earnings. The company has resumed its Y2.5 interim dividend after three years. Sumitomo expects a further improvement in the second half and full year operating profits are expected to rise by 313.5 per cent to Y5bn.

FIRST-HALF RESULTS

	Sales Ybn	Change %	Operating profit Ybn	Change %	Net profit Ybn	Change %
Mitsubishi	773.99	38.1	10.03	38.7	6.23	5.1
Ishikawajima	341.37	11.0	8.44	220.6	4.23	65.7
Kawasaki	355.53	23.9	6.68	807.7	3.29	96.8
Hitachi	198.14	59.4	5.61	222.9	3.07	156.9
Mitsui	167.40	61.5	7.18	217.0	3.07	58.9
Sumitomo	123.23	20.2	2.46	698.7	1.46	288.3

AMIC and De Beers Industrial to merge

BY BERNARD SIMON IN JOHANNESBURG

NGLO AMERICAN Industrial orporation (AMIC) and De eers Industrial Corporation Debincor), the two industrial olding companies in South frica's Anglo American group, e to merge to form one of the untry's largest industrial con-omerates.

Mr Harry Oppenheimer, the airman of Anglo American id that the group's industrial terests "have reached a stage iere it's attractive to have a ajor concern which has a real e of its own and a real ability finance itself."

AMIC will exchange 100 of its n shares for every 100 bincor shares. Debincor areholders will be able to acquire 25 AMIC options for every 100 Debincor shares at a price of R35 each in 1982, rising to R45 in 1986 and 1987.

The enlarged AMIC will have total net assets of almost R1.9bn ($2.0bn), compared to R1.21bn at the end of last year. Consolidated equity-accounted earnings will be over R230m a year. Mr Gavin Relly, AMIC's chairman and deputy chairman of Anglo American Corporation, said that "the great thing is size itself."

The main effect of the merger will be to transfer joint control (with ICI of the UK) of AECI, South Africa's largest chemicals producer, from Debincor to AMIC.

AMIC will also become the majority shareholder in Highveld Steel and Vanadium. De Beers will purchase Debincor's 7.4 per cent interest in Mondi Paper, a leading pulp and paper producer, but AMIC will continue to hold 62.7 per cent of Mondi.

AMIC already has investments in iron, steel and engineering industries, food, sugar motor assembly and distribution, construction, and freight forwarding. It is South Africa's eighth largest industrial company.

The merger will add significantly to AMIC's cash resources. The 2.5m options available, if exercised, will provide the company with between R89m and R114m. Debincor's existing shareholding in AMIC, worth R28m at current market prices, may be sold to provide further funds.

The Anglo American group will hold 46 per cent, and De Beers 25 per cent of the equity of the enlarged AMIC. Anglo American has already rationalised its property, insurance, and mining interests in large groupings.

Mr Relly says: "We're going to do our best to find new business," but did not identify expansion areas.

See Lex, Back Page

TNT shows strong gain

BY OUR FINANCIAL STAFF

Thomas Nationwide Transport (TNT), the Australian-based international transport group, reported a sharp rise of 58 per cent in net profit for the first quarter and a one for ten bonus issue at its annual meeting.

Earnings advanced to A$21.15m ($U.S.24.57m) for the three months ended September 30 against A$13.39m a year ago, helped by stronger results from Canadian and Brazilian operations. Mr F. W. Millar, chairman of TNT, said that the profit increase was well ahead of the rise in revenue, up 33 per cent to A$298.34m (U.S.$341m).

Mr Millar said that the bonus issue was being made because of the sound state of the group generally as well as the first quarter results.

It was announced last week that Robert Holmes a Court's Perth-based Bell group had acquired a 10.70 per cent stake in TNT. But after today's meeting, Mr Peter Abeles, TNT chief executive and managing director, said that the Holmes a Court move was an investment and not a prelude to a takeover bid. He expected the chairman of Bell to lift his stake in TNT to about 13 per cent.

WORLD STOCK MARKETS

Wall St mixed at mid-session

STOCKS WERE mixed at mid-session in featureless trading on Wall Street as investors were caught between forecasts of declining interest rates and a worsening economic outlook.

The Dow Jones Industrial Average, weaker than the market as a whole, was 0.95 lower at 851.50 at 1 pm while other indices gained slightly. Advances led declines by seven to six and volume totalled 32.63m shares, against Friday's 1 pm figure of 31.34m. The NYSE All Common Index was unchanged at $71.33.

Projections that the recession will be long and deep, resulting in lower corporate earnings and higher Federal spending, has cancelled out much of the market's enthusiasm over the decline in short-term interest rates, analysts said.

Mr Murray Weidenbaum, Chairman of the Council of Economic Advisers, told a Press conference that the recession will cause a larger than expected federal budget deficit next year and unemployment will rise further from the 8 per cent reached in October.

The drop in prime rate to 17 per cent from 17½ per cent boosted Bank and Utility stocks, among the most actively traded issues. Gainers included Commonwealth Edison, up ⅜ to $21½, Middle South Utilities ¼ to $12⅞, Southern ¼ to $12½, Citicorp ⅞ to $21⅞, and Virginia Electric ⅞ to $12⅞.

Takeover situations continued to influence trading in selected stocks. Marathon Oil, trading ex-dividend, was off 2½ to $84⅞. The company is fighting off a takeover bid from Mobil.

Seagram dropped 2⅞ to $51. Its offer to buy back 5m of its shares was greatly oversubscribed and the company plans to purchase only 37 per cent of the shares tendered.

General Dynamics dropped 1⅞ to $24⅞ on news that the Quebec Government will buy a controlling interest in its Asbestos Corporation subsidiary.

Amax was also down sharply, by 4⅞ to $44⅞. Its price ran up more than 20 per cent over the past two weeks on the strength of merger speculation but the company denied such rumours.

Connecticut General and INA lost ground after news that they plan to merge into a new company, Connecticut by 2 to $53 and INA by 2 to $46⅞.

THE AMERICAN SE Market Value Index was off 1.48 to 323.44 at 1 pm on volume of 3.13m shares (3.26m).

Closing prices for North America were not available for this edition.

Canada

Stock prices were off at mid-session with the Toronto Composite Index down 4.4 at 1,909.0 on volume of 2.99m shares.

Nine of the 14 indices fell, while gaining issues led declines 196 to 152.

Turbo Resources topped the most active list and was up 25c at C$4.75 on volume of 462,950 shares.

Tokyo

The stock market showed a modest recovery under the lead of Pharmaceutical and Speculative shares.

The Nikkei Dow Jones Index, which had fallen over the past three sessions, went up 27.07 to 7,516.35. Trading was slow.

Blue Chips were passed over because of speculation over Japan's self-restraints on exports and rising margin trade debts. Attention, instead turned to Pharmaceuticals and Speculative shares that are basically domestic-oriented and will not be subjected to export controls, dealers said.

The winners among them included Toray and Asahi Chemical, up Y10 each. Brokers said their involvement in development of anti-cancer drugs lay behind their popularity.

Paper-Pulp shares went up on a broad front, after Jujo Paper was reported to have been pushing development of anti-cancer drugs.

Blue Chips were soft in general, though some did register considerable gains. Sony rose Y70 and Hitachi Y4.

Speculative shares such as Real Estates gained ground.

Many Steels, Non-Ferrous Metals and Machineries were on the losing side.

Hong Kong

The stock market fell to close at the day's low. The decline was mainly considered an adjustment to the advance last week, while the one percentage point cut in local interest rates, announced on Friday but effective yesterday, had already been discounted.

The Hang Seng index lost 11.63 to 1,384.29.

Cheung Kong fell 50c to HK$22.10, Sun Hung Kai Properties 25c to HK$9.15 and New World 5c to HK$5.10.

Swire Pacific "A" lost 20c to HK$12.20, Hongkong Wharf 35c to HK$6.20, Hutchison Whampoa 20c to HK$17.50, Hongkong Land and Hongkong Bank both were 10c down at HK$14.60 and HK$9.65 respectively.

Jardine Matheson rose 10c to HK$16.80 and Hang Seng Bank gained HK$1 to HK$119.

Australia

The market slipped back and showed further signs of weakening after six days of slow gains.

The market measure, the All Ordinaries Index, dropped 3.8 to 573.0 in sparse trading. Oil and Metal stocks lost ground and selected Industrials were the only stocks to consolidate last week's upward prices push.

Brokers said the market appeared to be drifting down after Wall Street's unsteady close on Friday. They said concern about the severity of the U.S. recession has dampened demand in the U.S. marketplace and many Australian investors are waiting for a decisive trend from New York.

Speculation by overseas investors of a new development in the Rundle twins' various oil shale prospects helped lift the partners' share prices. Sea Pacific rose 3c to A$[illegible]. Central Pacific rose 5c to A[illegible]

Trading in TNT rights ordinary scrip was a[illegible] feature but TNT's ordinary closed steady at A$2.45. [illegible] firmed 2c to A$[illegible]. Tooth[illegible] A$2.40, ANI 5c to A$3.[illegible], [illegible] 4c to A$5.38 and Bank of [illegible] 2c to A$2.90.

Germany

Leading shares continu[illegible] drift lower through a very [illegible] session and drawing no s[illegible] from a mixed trend [illegible] domestic bond market.

The Commerzbank Ind[illegible] down at 657.10 after 6[illegible] Friday.

In Banks, Deutsche [illegible] DM 2.50 to DM 265.50, Commerzbank was DM 0.60 at DM 126.40 and Dr[illegible] DM 0.50 down at DM 125.

In Chemicals, BASF fell to DM 133.50, Bayer DM [illegible] DM 120 and Preussag DM [illegible] DM 204.10.

In Electricals, Siemens DM 205.50 against DM 20[illegible] previous close, with spec[illegible] continuing ahead of a prov[illegible] dividend declaration [illegible] soon.

In Autos, BMW ended [illegible] down at DM 183, little [illegible] by its reporting higher month turnover, while [illegible] DM 1.20 down at DM [illegible] Daimler DM 1.50 down at [illegible]

Paris

Share prices continued in featureless trading volume remaining at last low level ahead of Wedn[illegible] Armistice Day holiday.

Johannesburg

Gold shares firmed, a[illegible] some Heavyweight issue quoted sharply lower ex-d[illegible] in very quiet trading.

Brussels

Belgian share prices mixed as it became cle[illegible] results of Sunday's electi[illegible] the formation of a new [illegible] ment would be a difficult

NEW YORK

CANADA

BELGIUM (continued)

HOLLAND

AUSTRALIA

JAPAN (continued)

DENMARK

FRANCE

ITALY

NORWAY

SWEDEN

GERMANY

AUSTRIA

SWITZERLAND

BELGIUM/LUXEMBOURG

SINGAPORE

HONG KONG

SOUTH AFRICA

Financial Rand U$

BRAZIL

Indices

NEW YORK —DOW JONES

STANDARD AND POORS

NY. S.E. ALL COMMON

MONTREAL

TORONTO Composite

NEW YORK ACTIVE STOCKS

Continued buying boosts tin

BY OUR COMMODITIES STAFF

CONTINUED BUYING of tin by the "mystery" buyer who has been almost entirely responsible for the recent price upsurge lifted the three-months delivery price on the London Metal Exchange to a new all-time high yesterday.

In spite of an announcement that tin stocks held in LME warehouses rose to a record level last week, cash standard tin rose by £75 to £8,315 a tonne and three months by £73.50 to £8,625 a tonne.

The tin market appeared to have shrugged off the influence of the rise in sterling against the dollar which held back prices of other base metals.

Traders reported that the influential operator was only a sporadic buyer in the morning, but stepped up operations in the afternoon. They said the three-months support level had evidently been raised again to £8,600.

Other base metals declined with cash copper wirebars ending £0.75 down at £898 a tonne, cash lead £6.50 down at £362.50 a tonne and cash zinc £2 down at £484.50 a tonne. Aluminium also resumed its established downward trend, interrupted briefly on Friday, by falling £10.50 for cash metal to £582.

LME stocks of copper rose 1,125 tonnes to 107,925 tonnes last week while tin stocks were up 570 tonnes to 16,470. Lead stocks also rose, by 725 to 49,050 tonnes, but zinc stocks fell 1,325 to 80,725 tonnes. The steady rise in aluminium stocks continued with an addition of 3,725 tonnes taking the total to a record 123,225 tonnes.

Nickel stocks fell 378 tonnes to 2,640 while silver stocks were unchanged at 30,320,000 oz.

Food middlemen attacked

BY JAMES BUXTON IN ROME

THE WORLD'S failure to organise international trade in agricultural commodities is one of the most serious obstacles to world food security, Mrs Indira Gandhi, the Indian Prime Minister, told a conference in Rome yesterday. "When crops are good, international prices fall; when crops are poor the market is manipulated so that profits go to traders and middlemen, bypassing the producer. The share of world trade of weaker nations, particularly those with single crop economies, is dwindling," she said.

Mrs Gandhi, who was addressing the 21st Conference of the United Nations Food and Agriculture Organisation, lamented the failure of the main wheat producing countries to negotiate a new and more equitable world wheat agreement and the unwillingness of these nations "to give up the advantages of so-called market forces and the opportunity to use food as a political weapon."

The high cost of agricultural input such as fertiliser and discriminatory agricultural protectionism in industrial countries—which for some processed food products was as high as 700 per cent — were other important factors undermining the economies of the poorer countries.

Mr Edouard Saouma, the Lebanese born Director General of the FAO, said that poor world prices for sugar, coffee, cocoa and other third world commodities were leading the FAO to fear that the credit balance in developing countries' agricultural trade may this year be eliminated for the first time in history.

Mr Saouma, who was yesterday elected to a second six year term as Director General, repeated his call for a global food security system with agreements on prices and stocks, based on a reserve of at least 25m to 30m tonnes of wheat. Its cost would be trivial compared with global military spending now running at $1m per minute, he declared.

Japan rejects whaling curbs

BY RICHARD C. HANSON IN TOKYO

THE Japanese Government has formally objected to two controversial actions taken by the International Whaling Commission (IWC) at its annual meeting last July, a move which is sure to anger anti-whaling groups.

The Foreign Ministry said that it objected to a provision agreed to at the IWC meeting banning the use of "cold grenade" harpoons used in killing minke whales caught in Antarctic waters from next year.

The IWC wants Japan and others to use an explosive tipped harpoon, which will kill the animal much more quickly. The Japanese Government says such harpoons may be dangerous to whaling crews and such is delaying their use until a safe device can be developed and tested.

The quota for minke whales this year was raised to 8,102 (for Russia and Japan) at the IWC meeting in Brighton.

The Japanese contend that use of the cold grenade harpoon is not as cruel as anti-whaling groups argue. On average, such a harpoon takes only 3 minutes 21 seconds to kill a minke whale, a government official, who asked not to be identified, told reporters.

The Foreign Ministry also objected to an IWC amendment which would halt the taking of sperm whales in the coastal waters off Japan until the Commission decides on catch limits.

Japan made the protest in order to put the IWC on notice that it will continue to take sperm whales even if the IWC delays setting such a limit. A special scientific session is scheduled for March in the UK to consider the matter.

This year Japan had a quota for 890 sperm whales. Anti-whaling forces contend that not enough is known about the sperm whale current condition to allow continual catching. The Japanese contend that its quota represents only a small fraction of the catchable whales in its waters, and therefore poses no danger to the species.

Under IWC rules, any member has the right to object, and therefore not comply with, amendments to the whaling agreement. Since the IWC's founding after the war, Japan has lodged eight such objections.

NZ blocks lamb exports to Iran

By Dai Hayward in Wellington

THE NEW ZEALAND Meat Board has again moved to block shipments of lamb to Iran because they have not been paid for.

Four ship with more than 14,000 tonnes of lamb worth about NZ$33m are being held up. Three of the ships are in New Zealand ports while the fourth is anchored outside Iranian waters.

Mr Adam Begg, Meat Board chairman said the Iranian's have paid for 24 shipments carrying 84,000 tonnes of lamb. However, Iran has not yet issued a letter of credit for the remaining 21,000 tonnes worth NZ$50m.

"Consequently we have decided to hold the remaining shipments until the delays over payment have been overcome. It will concern us if continued delays in payment, which affect the cash flow to New Zealand suppliers made them unwilling to supply lamb for future Iranian contracts," said Mr Begg.

When the Meat Board first halted a shipment of lamb for Iran and held the vessel in port in New Zealand, the Iranian representative based in Sydney, said this was a unwise move.

Some New Zealand meat industry officials have discribed the delays as a "hickup" but the board and particularly its chairman are taking a serious view of the delay in payment.

Israel boosts agricultural exports

By Our Tel Aviv Correspondent

ISRAEL'S avocado exports are likely to reach 30,000 tonnes during the current 1981/82 export season.

This figure compares with only 6,000 tonnes in the preceding season when the crop was hit by adverse conditions and with 20,000 tonnes exported in 1979/80.

Nearly three-quarters of the avocado pears are scheduled for the French market.

Agrexo, the company handling non-citrus agricultural exports from Israel, expects that its total export earnings this season will reach $200m fob, compared with $165m in 1980/81.

Apart from the avocadoes, the main exports will be various types of vegetables, 5,000 tonnes of goose liver and 650 million flowers.

EEC FARM EXPORTS

Disquiet on long-term contracts

BY LARRY KLINGER IN BRUSSELS

THE EUROPEAN Comunity's long-running debate on long-term contracts is coming to the boil, threatening once again to involve Britain, West Germany and France in heated argument over EEC agriculture policy.

On the surface, the question is fairly straightforward: is it economically feasible to sell substantial amounts of the Community's food surpluses on a fixed-term basis to selected customers over a period of years? But such a policy's uncertain costs to the EEC budget and its possible adverse effects on relations with the world's other big food exporters has led to battle-lines being drawn, with Britain and West Germany opposing France's efforts to win approval for such a programme.

The European Commission has come out firmly in favour of what in Community jargon is called "framework agreements for the multiannual supply of agricultural products," i.e., long-term contracts, especially for grains.

Expert opinion on the issue within the Commission had for a long time been almost equally divided over whether the issue should be pressed, especially at a time when any potential expansion of surplus production or in Common Agriculture Policy costs would be exceedingly unpopular.

There were those who thought that, in any case, there was simply insufficient European machinery to launch a serious scheme on a Community-wide basis. The Commission was already empowered to issue licences for sales over a 12-month period, but found that potential customers in the developing world could not afford to buy from the Community without substantial credit.

It was argued that the EEC could not compete with, say, the U.S., which can offer sizeable credit and other direct aids for transport and storage. Furthermore, the Commission lacked the necessary diplomatic status to conclude such arrangements.

On the other hand, there was a large body of opinion supporting the French view that, since a grain-rich Community with costly surpluses had no alternative but to pursue an aggressive export policy, the concluding of long-term contracts must become a possibility, and the sooner the better.

In the end, Commission opinion coalesced around the proposition that the Community should at least have the "instrument" available which would enable it to pursue contracts of a duration of up to five years.

After touching on the subject earlier this year, in its report on the overall proposed restructuring of the EEC budget and reform of the CAP, the Commission has now formally laid its ideas before the member-states: suggestions for long-term contracts of three to five years' duration to be operated through existing commercial channels with possible co-ordination of credit by the member-states.

The rub is the uncertainty over what effect such a policy might have on EEC production and costs. In its message on the subject to the Council of Ministers, the Commission says that "first of all it believes that in no case should the conclusion of such agreements by the Community have the effect of artificially inflating agricultural production . . . or of justifying surplus agricultural production."

Britain and West Germany in particular are not convinced, and both have asked the Commission to produce further detailed ideas before they will agree to discuss the matter seriously.

The fear is that commitments to sell large quantities of produce over a period of years may only further institutionalise continued overproduction and with it the necessity to try and export even more with costly export subsidies.

The other worrying problem, especially in Britain's view, is the possible dangers of an "institutionalised dumping" policy, damaging relations with the other main food exporters such as the U.S., Canada, Australia and New Zealand.

For Britain, the U.S. led Soviet grain embargo provides all too recent and unpleasant experience of food sales becoming embroiled in tense diplomatic situations. Britain, against strong French demands, remained steadfastly in the vanguard of support for the embargo, only to be embarrassed by the Reagan Administration's unceremonious reversal of Carter policy.

France's position is clear. In particular, it opposed the embargo as unworkable, and in general it supports wholeheartedly, almost without exception, an aggressive export policy. Its national success as an EEC-subsidised exporter—what admirers, detractors and the simply jealous all describe as France's "green-oil policy"—is impressive.

France, alone among the big four EEC nations, has a balanced agriculture trade, with exports worth more than $24bn a year at current rates. This compares with recent annual deficits in West Germany of about $13bn, in Britain of nearly $10bn, and in Italy of around $8.75bn.

Supporters of a long-term contracts policy point out that the existing EEC surplus in cereals requires the Community to export about 20m tonnes of grain a year, with the prospect of more in future, at least until 1988.

Community farm budget warning

BY RICHARD MOONEY

THE EEC farm budget will come under intolerable strain unless farm price rises are kept below 3 per cent a year or annual increases in production of commodities supported under EEC regimes are kept below 1.5 per cent, according to a report* published today.

The report, by British agricultural economists, Professor T. E. Josling, and two other economists at the Stanford Food Research Institute, Professor Scott Pearson and Mr. Mark Langworthy, analyses the policy options facing Common Market governments.

They say temporary expedients include returning the financial burden of surpluses to national governments, cutting social and regional policies, changing the timing of payments so that national intervention agencies have to carry the cost of surpluses, or tinkering with various budgetary headings; eg, by cutting or eliminating the 10 per cent rebate to national governments on customs duty and import levy revenue.

In the long term, however, they argue, the only solutions are to find additional finance or curb spending.

Extra finance could come through increasing the 1 per cent VAT ceiling, through new taxes, the extension of co-responsibility levies on producers, or the introduction of a tax on vegetable oils, among others.

Expenditure could be held down by curbing annual price rises or by imposing quantity limits on supported production, the report's authors say. The first has been tried and has failed while the second poses serious administrative and political difficulties. "Marketing quotas are more practical but there is no incentive for countries to keep them in line with demand." In addition there would be a tendency to compensate farmers with higher prices for their presumed loss in income from expansion of output.

Another option discussed is the so-called "super-levy" on above quota production which can be presented as a means of controlling expenditure as opposed to controlling production.

* *Options for Farm Policy in the European Community. Trade Policy Research Centre, price £3.*

Stockpile mercury sales

WASHINGTON—The General Services Administration (GSA) said it will offer mercury from the national defence stockpile for sale on a monthly basis starting November 17.

GSA will offer a maximum of 1,500 flasks of mercury for sale each month. A total of 18,000 flasks will be designated for sale during the current fiscal year (October-September), the agency said.

This offering is the latest in a series of GSA sales of stockpiled minerals and metals to raise funds for purchases of strategic materials.

The storage locations from which the GSA will offer the mercury are Anniston, Alabama, Bellemon in Arizona, Pueblo, Colorado and Sommerville, New Jersey.

Reuter

BRITISH COMMODITY MARKETS

BASE METALS

THREE MONTHS TIN advanced to record levels on the London Metal Exchange following further buying by the recent influential operators. Forward material was finally £8,615, after ... [illegible]

Tin—Morning: Standard, three months £8,555, 60, 70, 75, 80, 90, 95, 8,600, 10, 8,500, 05. Kerb: Standard, three months £8,610, 05, 10. Afternoon: Standard, three months £8,620, 25, 30, 25, 10, 05, 15, 10, 15, 20. Kerb: Standard, three months £8,615. Turnover, 1,450.

[illegible]

Nickel—Morning: Three months £2,740, 45, 40. Afternoon: Three months £2,735, 40, 50. Kerb Three months £2,755. Turnover: 336 tonnes.

[illegible]

...ard				
...	8500-10	+65	8510-20	+75
...nths	8606-10	+65	8620-30	+78.5
...em't	8510	-55	—	.....
...its E.	:536.62	+0.02		.....
York	—	......		

[illegible]

SILVER

[illegible]

COCOA

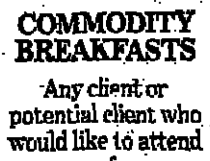
[illegible]

COFFEE

[illegible]

GAS OIL FUTURES

[illegible]



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EXHIBITIONS

[illegible]

ART GALLERIES

[illegible]

GRAINS

The market opened about unchanged. Wheat drifted lower while barley found support and commercial buying before being sold off. Acli reports.

[illegible]

SUGAR

[illegible]

RUBBER

[illegible]

SOYABEAN MEAL

[illegible]

COTTON

[illegible]

WOOL FUTURES

... 435, 434-432; May 435, 441, untraded. Sales, 49.

SYDNEY GREASY WOOL—Close (in order, buyer, seller, business). Australian cents per kg. Dec 492.0, 492.5, 493.0-490.0. March 504.0, 504.5, 504.8-502.0; May 515.5, 516.0, 516.0-515.5; July 523.0, 524.0; Oct 520.0, 521.0; ... [illegible]

JUTE

[illegible]

TEA AUCTION

[illegible]

POTATOES

[illegible]

MEAT/VEGETABLES

[illegible]

PRICE CHANGES

In tonnes unless otherwise stated.

[illegible]

AMERICAN MARKETS

NEW YORK, November 9.

PRECIOUS METALS and copper suffered heavy losses on technical selling followed by profit taking. Cotton made new contract lows on continued bearish disappearance indications. Heating oil was moderately lower on a decline in ... [illegible]

Live Cattle—Dec 64.00-63.95 (63.75). Feb 65.0-65.05 (64.50). April 65.00-65.07. June 65.50-65.55. Aug 65.00-65.15. Oct 63.60. Dec 64.20.

Live Hogs—Dec 48.22-48.10 (47.25). Feb 50.20-50.40 (48.95). April 49.20-48.15. June 50.45. July 50.75. Aug ... [illegible]

Lard—Chicago loose 20.50 (same).

EUROPEAN MARKETS

ROTTERDAM, November 9

Wheat—(U.S.$ per tonne). U.S. Two Dark Hard Winter 13.5 per cent Nov 20-Jan 10 213, Jan 20-Feb 10 216, Feb 20-March 10 219. U.S. No. Two Red Winter Nov 185, Dec 192, Jan 195. U.S. No. Three Amber Durum Nov 196, Nov 20-Dec 25 197, Dec 199, Aril-May 208. U.S. No. Two Northern Spring 14 per cent No 195, Dec 198, Jan 209.50, Feb 212.50.

Maize—(U.S.$ per tonne): U.S. No. Three Corn Yellow afloat 12?, Nov 124, Dec 127, Jan 133, Feb 137, March 139, April-June 143 sellers.

Soyabeans—(U.S.$ per tonne): U.S. Two Yellow Gulfports, Nov 257, Dec 262, Jan 269, Feb 273, March 277.50, April 281, May 284.50, June 288, July 290 sellers.

Soyameal—(U.S.$ per tonne): 44 per cent protein U.S. afloat 228, Nov 227, Dec 231, Jan 238.50, Jan-March 244, April-Sept 259 sellers. Brazil Pellets Nov 249.50, Dec 252, Jan 259, Jan-March 261.50, April-Sept 264 sellers.

PARIS, November 9

Cocoa—(FFr per 100 kilos): Dec 1215/1225, March 1222/1225, May 1232/1238, July 1250/1245, Sept 1235/1255, Dec 1245/1265, March 1250/1280. Sales at call: 3.

Sugar—(FFr per tonne): Dec 1825/1830, March 1855/1858, May 1906/1910, July 1910/1935, Aug 1950/1975, Oct 1990/2020, Nov 1990/2020, Dec 2000/2040. Sales at call: 52.

INDICES

FINANCIAL TIMES

Nov. 6	Nov. 5	Month ago	Year ago
257.73	258.01	260.11	268.06

(Base: July 1, 1952=100).

MOODY'S

Nov. 6	Nov. 5	Month ago	Year ago
998.2	997.7	1016.1	1317.8

(December 31, 1931=100)

DOW JONES

Dow Jones	Nov. 6	Nov. 5	Month ago	Year ago
Spot	361.94	359.42	355.94	477.45
Fut'rs	376.92	376.31	371.59	496.65

(Average 1924-25-26=100)

REUTERS

Nov. 9	Nov. 6	M'nth ago	Year ago
1637.3	1639.6	1649.4	1756.8

(Base: September 18, 1931=100)

0.24. Pears—Per pound Conference 0.12-0.18, Comice 0.16-0.25. Tomatoes—Per 12-lb, D/E 1.80-2.00. Cauliflowers—Per 12, Kent 2.40-2.60, Lincoln 1.80-2.00. Cabbages—Per bag, Primo 30-lb 1.30-1.50. Lettuce—Per 12, round 1.20-1.50, Webb's 1.60-2.00. Radishes—Per pack 12 x 8-oz 1.40, bunches of 15 1.50. Onions—Per tray x 20 bunches, spring 2.00, 55-lb 40-60mm 2.00-2.80. Carrots—Per 26-28-lb 0.70-1.00. Beetroots—Per 28-lb round 1.00-1.20, long 1.20. Fennel—Per 10-lb 1.30-1.50. Parsnips—Per 28-lb 1.40-1.60. Swedes—Per net 0.70-1.10. Leeks—Per 10-lb 1.40-1.60. Sprouts—Per 20-lb 2.20-2.80. Pumpkins—Per pound 0.09-0.10. Turnips—Per 28-lb 1.20-1.40. Celery—Per 16/36 Hassey 3.00-3.50. Brussels Tops—Per 25-lb 1.20. Spring Greens—Per 25-lb 1.60-2.00. Savoys—Per 25-lb 1.40.

GRIMSBY FISH — Supply fair, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £3.80-£5.50, codling £3.40-£4.60; Large haddock £4.40-£5.20, medium £3.70-£4.30, small £1.80-£2.50; Best small plaice £4.40-£4.80; Skinned dogfish (large) £5.00, (medium) £4.00; Lemon soles (large) £12.00; Saithe £2.00-£2.50.

Sugar tender

BRUSSELS.—The EEC's weekly sugar tender has been brought forward to today from Wednesday because of public holidays in France and Belgium on Wednesday, EEC Commission has said.

Revived interest rate euphoria takes Gilts up £1½ and exhausts long tap—Equities jump 16.4 to 510.9

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Oct 26	Nov 5	Nov 6	Nov 16
Nov 9	Nov 19	Nov 20	Nov 30
Nov 23	Dec 3	Dec 4	Dec 14

* "New time" dealings may take place from 9 am two business days earlier.

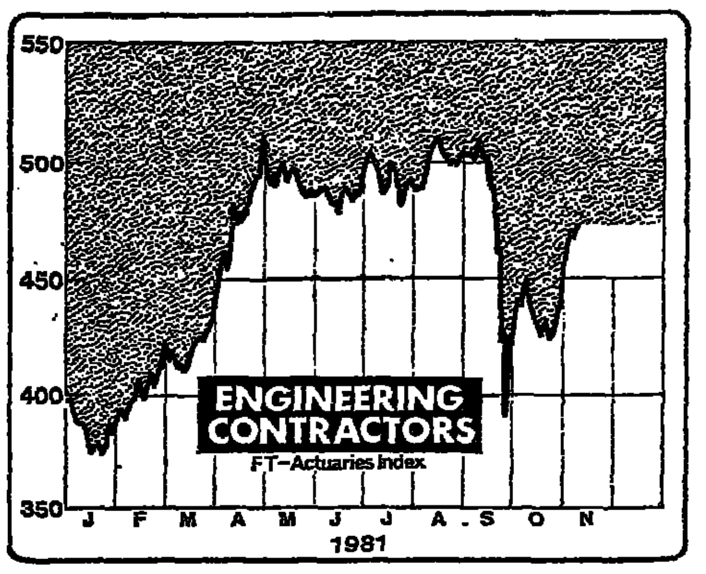
Falling world interest rates brought euphoric conditions to London stock markets yesterday. Government securities bounded ahead by up to 1½ points as heavy overseas and domestic demand quickly exhausted the authorities' supply of the long tap stock, while the strength of leading equities took the FT Industrial Ordinary share index convincingly above 500 with a gain of 16.4 to 510.9.

Doubts about the continuation of cheaper money trends evaporated in the wake of rising U.S. bond values last Friday and yesterday's surprise early announcement that NatWest bank had cut its base rate from 15½ to 15 per cent. Widespread demand triggered all-round optimism and Gilt-edged securities went sharply higher as money market levels were lowered. The mood was reinforced by the unexpected exhaustion of the £25-paid long tap stock, Exchequer 15 per cent 1997.

The stock was activated for the first time only a week ago and the Government broker was a seller yesterday at 23 and 23¼ before a later bid of 23½ exhausted his supplies. Gilts then advanced further with selected mediums up by almost two points before reacting on speculation that new Government funding could be announced at the official, 3.30 pm, close; none was made and the tone improved again in the after-hours' trade.

Sizeable Middle East funds were committed to the partly-paid Exchequer 15 per cent 1997 stock, on which a £705m call is due on Friday, along with domestic institutional cash, with a good deal of the business represented by switching operations. The Government Securities index, up 0.80 to 62.89, measured the buoyancy with its biggest rise since June 15.

Moving progressively higher throughout the session, the first of a new trading Account, and unperturbed by Wall Street's hesitancy at yesterday's opening, leading equities closed at the day's best. Many scored double-figure gains but, once again, business was often one-way with the prevailing thin trading conditions adding impetus to the upward movement. Of the situation issues, Cable and Wireless attracted a well-balanced trade on the second day of dealings, while RHM's raid on British Sugar touched off considerable intrigue and increased speculation in the Food sector.



Activity in Traded options declined sharply and total contracts completed yesterday amounted to 1,305, well below Friday's 2,124 and last week's daily average of 1,951. Calls attracted 1,045 trades, of which Lonrho accounted for 182 and P & O Deferred for 118.

Following last Friday's successful market debut, Cable and Wireless touched 202p in an active trade before settling a net 2 dearer at 199p as against the issue price of 168p.

Banks better

The surprise announcements of a further ½ per cent reduction in their base lending rates, to 15 per cent, saw the major clearing banks start the new Account in fine form. Barclays, 442p, and NatWest, 402p, added 10 apiece, while Midland gained 8 to 328p and Lloyds 6 to 408p. Elsewhere, Seccombe Marshall and Campion improved 10 to 230p in response to the encouraging interim statement.

Insurances contributed to the overall buoyancy. Commercial Union rose 6 to 140p in front of today's third-quarter results, while General Accident put on a like amount to 352p ahead of tomorrow's nine-monthly figures. Recent speculative favourite Sun Alliance added 20 to 945p and Royals put on 7 to 380p. Life issues also did well with Equity and Law closing 12 dearer at 374p and Pearl 10 better at 398p. Elsewhere, Hogg Robinson gained 8 to 113p.

Whitbread remained a firm market awaiting today's mid-term statement and rose 5 more to 161p. Other leading Breweries rose in sympathy, notably Bass, 6 up at 205p, and Grand Metropolitan, 7 to the good at 175p.

Housebuilders made progress on hopes of lower mortgage rates, Barratt Developments and Wimpey adding 6 apiece to 225p and 88p respectively. Galliford Brindley gained 8 to 103p and William Leech 4 to 86p. Among other Building issues, Ibstock Johnsen put on 6 to 74p on revived takeover hopes, while demand in a market short of stock lifted John Mowlem 12 to 170p.

ICI attracted reasonable support and firmed 10 to 286p, while Fisons touched 143p before closing 6 up on balance at 140p. Elsewhere in Chemicals, Allied Colloids gained 8 to 140p on speculative interest, while Rentokil improved 5 to 139p.

Woolworth active

A reasonable two-way trade developed in leading Stores which closed with useful gains across the board. Woolworths were particularly active in front of tomorrow's third-quarter figures and rose 4½ to 54½p. Burton, 122p, and House of Fraser, 166p, both added 4, the latter awaiting the Monopolies Commission's verdict on the bid from Lonrho. Marks and Spencer advanced 5 to 125p. Press comment highlighting the potential profits from the current tabloid bingo war lifted newsagents: W. H. Smith ended 4 better at 172p, while Menzies, 200p, and Martin, 218p, added 8 and 6 respectively. Press comment was also responsible for other movements of note among secondary counters. Polly Peck jumped 23 more to 380p, while Cornell Dresses added 7 to 165p. Elys (Wimbledon) improved 25 to 280p on bid prospects, while Owen Owen, which controls a near-30 per cent stake in Elys, added 7 to 207p.

The first day of a new Account brought renewed buying of the popular Electrical leaders and, with stock in short supply, gains at one stage ranged to 25. However, profit-taking saw prices close below the best with Plessey a net 18 higher at 338p, after 345p, and GEC, 15 dearer at 730p, after 735p. Racal ended 20 better at 415p and BICC 17½ up at 270p xd, while Thorn EMI appreciated 12 to 432p. Elsewhere, United Scientific advanced 16 to 483p on news of the company's proposed acquisition of West German camera maker Rollei. Ferranti put on 13 to 543p and Electronic Rentals improved 6 to 94p. Electrocomponents, on the other hand, cheapened 3 to 120p, after 115p, after the uninspiring interim results.

Leading Engineers revived with Hawker outstanding at 326p xd, up 13. Sporadic demand lifted GKN 10 to 160p, while Tubes closed a few pence below the best at 106p, up 6. John Brown edged up 3½ to 77p. Fresh support lifted Staveley 9 further to 202p, while Simon Engineering, helped by news of the Australian contract, put on 8 to 388p. Yarrow rose 5 more to 265p in response to news that Vosper had increased its stake in the company. Among smaller-priced issues, buyers showed interest in Howard Machinery which rose 3 to 21p.

Sidlaw jump

BTR, at 344p, picked up last Friday's fall of 16 which followed news that the merger with Serck had been referred to the Monopolies Commission; dealings in Serck, down 12 to 45p on Friday, were suspended at that price yesterday at the company's request pending the announcement, which came well after market hours, that the referral had been waived.

Potential bid situations again dominated proceedings in the Food sector. British Sugar jumped to 390p before settling a net 37 up at 352p on the announcement that RHM, 3½ cheaper at 65p, after 62p, had acquired 6.3m shares—10.5 per cent of the company's equity—at 385½p per share. Last week, BS purchased a 14.7 per cent stake in RHM at 68p per share. S. and W. Berisford, which holds a 40 per cent stake in BS, touched 118p before closing 9 up on balance at 114p. Elsewhere, demand ahead of tomorrow's interim results lifted Associated British Foods 10 to 156p. Tate and Lyle rose 8 to 178p and Cadbury Schweppes 2½ to 88p xd. Cullens "A" were marked 10 higher to 158p, the maintained dividend outweighing the interim loss.

Closing gains in the miscellaneous industrial leaders ranged to 19. Unilever, interim results due next Tuesday, closed that much better at 642p, while Metal Box, up 18 last week on Press comment, rose 10 more to 158p. Beecham also put on 10, to 223p, and BOC added 6 to 155p, while Turner and Newall appreciated 5 to 77p as did Boots, to 206p. Elsewhere, Sidlaw Industries advanced 18 to 180p in response to an investment recommendation. Smiths Industries rose 10 to 335p ahead of today's preliminary results, while English China Clays found renewed support at 146p, up 12. Petrocon put on 3 to 68p following Press comment and Gripperrods rose 8 to 106p on revived speculative buying. ICL put on 4 to 42p and Pritchard Services improved 7 to 170p. Hoover, on the other hand, retreated on the third-quarter deficit of £6.9m; the ordinary fell 5 to 90p and the "A" 4 to 84p. Amalgamated Metal, at 570p, met profit-taking and lost 43 of Friday's rise of 50 which followed the announcements that Preussag AG of Hanover is not proceeding with its plan to acquire the 20.5 per cent of AM it does not already own and that Permadalun Nasional has increased its holding to 10 per cent and withdrawn from the market.

Lucas pleased the market in announcing a much smaller than expected full-year loss and a maintained dividend; the shares, exceptionally nervous of late, rallied to close 26 higher at 198p.

Leading Properties attracted good support following the base rate cuts, Land Securities rising 8 to 315p and MEPC 10 to 225p. Capital and Counties firmed 7 to 112p. Among the companies reporting, C. H. Beazer put on 10 to 121p and Town Centre Securities 2 to 49p following satisfactory annual trading statements, but McInerney, a thin market, shed 4 to a 1981 low of 18p despite the increased interim profits.

Oils below best

Leading Oils failed to hold their best levels, underlying sentiment not being helped by the report that Saudi Arabia would flood the oil market if others tried to force up prices. BP ended only 2 firmer at 310p, after 316p, among the leaders. Elsewhere Lasmo touched 490p before settling at 483p, a rise of 8 on balance. Awaiting Thursday's interim figures, Ultramar closed 5 dearer at 488p.

Press comment drawing attention to the company's oil interests lifted James Finlay 6 to 100p. Elsewhere in Overseas Traders, Lonrho added 3 to 78p, while Tozer Kemsley and Millbourn, still buoyed by takeover rumours, firmed 5 to 76p.

Favourable comment on the Exco International offer for sale prompted further demand for money broking shares.

RTZ advance

Mining markets put on a good performance following the cuts in UK and American interest rates. London Financials were particularly in demand, buoyed by strong gains in UK equities. Rio Tinto-Zinc advanced 17½ to 487p ex-dividend.

South African Golds made good progress despite the uninspiring performance of the bullion price which closed only $1.50 firmer at $429.50 an ounce.

Modest but persistent buying of the heavyweights prompted gains ranging to around ½, as in Randfontein, £31½, Libanon, £10½, Vaal Reefs, £34½, and St. Helena, £18. The 1.3 fall in the Gold Mines index to 351.7 reflected the Anglo American Corporation group's Orange Free State mines being quoted "ex" the October dividend payments.

South African Financials were quietly mixed. Anglo American Corporation put on 8 to 735p and De Beers 2 to 360p folowing news of the proposed reorganisation of their respective industrial holding companies.

Australians staged a good recovery in the afternoon trading, having fallen sharply at the outset owing to heavy falls in overnight domestic mark[ets].

The Rundle twins were [...] up on hopes of imminen[t ...] regarding the Condor oi[l ...] deposit in Queensland; [...] Pacific gained 11 to 74[...] Southern Pacific 2 to [...] Elsewhere, Ireland's Tara jumped 90 to 650p in a res[...] market, reflecting hopes [of a] settlement of the long-r[unning] labour dispute at the zi[nc] mine at Navan.

FINANCIAL TIMES STOCK INDICES

	Nov. 9	Nov. 6	Nov. 5	Nov. 4	Nov. 3	Nov. 2	A year ago
Government Secs	62.89	62.09	62.16	61.87	61.93	61.66	70.23
Fixed Interest	63.06	62.96	62.97	62.86	62.58	62.46	71.29
Industrial Ord	510.9	494.5	504.3	494.5	492.2	478.9	482.5
Gold Mines	351.7	353.0	353.9	351.8	351.0	352.5	467.6
Ord. Div. Yield	5.83	6.02	5.90	6.01	6.03	6.20	7.53
Earnings, Yld. % (full)	9.95	10.26	10.06	10.34	10.28	10.57	17.00
P/E Ratio (net) (*)	12.90	12.50	12.75	12.55	12.48	12.14	7.17
Total bargains	22,571	23,288	15,863	17,035	16,751	15,906	20,659
Equity turnover £m.	—	220.51	119.15	141.89	143.05	94.88	125.602
Equity bargains	—	23,460	14,619	12,964	13,001	10,999	17,138

10 am 499.1, 11 am 506.3, Noon 507.0, 1 pm 508.9, 2 pm 509.8, 3 pm 510.2.

Latest Index 01-246 8026.

*Nil=11.47.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs	70.61 (20/3)	60.17 (26/10)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int	72.01 (20/3)	61.61 (26/10)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	429.0 (14/9)	262.6 (29/6)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Nov. 6	Nov. 5
—Daily		
Gilt Edged Bargains	172.4	196.3
Equities Bargains	152.0	94.7
Value	445.7	240.8
5-day Avrge.		
Gilt-Edged Bargains	192.0	189.5
Equities Bargains	97.2	77.9
Value	290.8	227.5

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. Date	1981 High	1981 Low	Stock	Closing price p	+ or −	Div.	Times covered	Gross yield
—	F.P.	—	850	775	♣Asprey	825		35.0	3.3	6.1
168	F.P.	—	205	195	Cable & Wireless 50p	199	+2	b6.3	3.0	4.5
.90	F.P.	—	105	101	♣Feedback 10p	105	+1	b2.0	3.0	[illegible]
‡110	F.P.	13/11	135	120	Habitat	132	+2	u3.6	2.4	[illegible]
‡10½	F.P.	—	16	14	♣Humberside El. 10p	15	+1			
65	F.P.	2/12	74	69	♣JohnstonesP'int10p	76	...	b4.85	2.8	6.1
‡67	F.P.	18/12	69	68	♣Sheldon Jones	69	...	u3.5	2.4	7.[illegible]
‡62	F.P.	—	64	60	♣V.W.	62	...	bd1.[illegible]	2.3	[illegible]

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price	+ or −
‡	F.P.	26/10	83p	81p	Asprey 9% Cum. Prf.	82p	
**	F.P.	—	100½	97	Austin (F.) Leyton 11% PtlyCnv.Red. 1994	97	
100	£10	10/12	64	62	Brooke Bond Leibig 8% Deb. '87/92	62	
**	F.P.	—	12¼	12	E. Worcs Waterworks 10% Rd. Prf. '86	12¼	
‡100	F.P.	—	99¾	99	Hawley Leisure 12% Cum. Pref.	99	
51p	F.P.	—	52p	50p	Inchcape 5½% Cum. Red. Prf. 1990/2	52p	
‡100	F.P.	—	100¼	92	Nat'wide Bdg. Society 15¾% Bds. 2/10/82	100¼	
97.29	£25	—	25½	23½	Nova Scotia (Province of) 6% Ln 2011	[illegible]	
‖£1	Nil	13/11	2¼pm	¾pm	Staffs. Pots. 10% Cnv. Cum. Prf.	2¼pm	
—	—	—	3p	½p	Sterling Credit Warrants	3p	
100	£10	10/12	12	12	TenderingH'dred Water 10¾% Rd.Prf.'86	12¼	

"RIGHTS" OFFERS

Issue price p	Am'unt paid up	Latest Renunc. date ●	Latest Renunc. date ■	1981 High	1981 Low	Stock	Closing price p
14	F.P.	30/10	20/11	20	17	British Benzol	19
275	125p	13/7	2/12	188	104	BP	164
20	Nil	13/11	11/12	2pm	¾pm	Brown & Jackson	2pm
182	F.P.	23/10	27/11	191	182	Fosedo Minsep	186
90	F.P.	21/10	26/11	106	90½	Heelamat	106
14	Nil	—	—	5pm	4pm	Lancaster (D.M.)	5pm
50cts	Nil	—	—	112pm	110pm	T N T	112pm
250	F.P.	28/10	19/11	320	250	Viner's Units	315
20	Nil	13/11	15/12	21pm	13pm	Websters	20pm

Renunciation date usually last day for dealing free of stamp duty. b [...] based on prospectus estimate. d Dividend rate paid or payable on p[...] capital; cover based on dividend on full capital. g Assumed dividend and [...] h Assumed dividend and yield after scrip issue. m Interim since increa[...] resumed. u Forecast dividend; cover based on previous year's ea[...] F Dividend and yield based on prospectus or other official estimate for [...] Q Gross. T Figures assumed. ‡ Cover allows for conversion of shar[...] now ranking for dividend or ranking only for restricted dividends. § [...] price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Off[...] holders of ordinary shares as a "rights." ** Issued by way of capitali[...] §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger o[...] over. ‖‖ Introduction. □ Issued to former preference holders. ■ All[...] letters (or fully-paid). ● Provisional or partly-paid allotment letters. [...] warrants. †† Dealings under special Rule. ♣ Unlisted Securities [...] ‡‡ London Listing. ‡ Effective issue price after scrip. † Compris[...] Ordinary of 1p and £1 of 10 per cent Loan 1988.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change
Berisford (S. and W.)	114	+9
British Sugar	352	+37
Cable and Wireless	199	+2
ICI	286	+10
Lucas Industries	198	+26
P. & O. Defd.	128xd	−4

Stock	Closing price pence
Plessey	338
Racal Electronic	415
RTZ	487xd
St. Helena	£18
Shell Transport	388
Unilever	642

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Friday's closing price pence	Day's change
Cable & Wire.	41	197	—
P. & O. Defd.	35	135	−2
GEC	29	715	−10
Plessey	24	320	−10
Amal Metal	22	613	+50
Premier Cons.	20	58	−3
Racal Elec.	20	395	−13

Stock	No. of price changes	Friday's closing price pence
BTR	19	328
BP	19	308
RTZ	19	475
Lucas Inds.	18	172
UBM	18	53
Beecham	17	213
Wood Hall	17	156

WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on November 9 1981. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rates; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rates; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

PLACE	LOCAL UNIT	VALUE OF £ STERLING
Afghanistan	Afghani	99.0
Albania	Lek	10.20
Algeria	Dinar	7.9355
Andorra	French Franc	10.555
	Spanish Peseta	179.20
Angola	Kwanza	(CM) 62.936 (T) 65.139
Antigua (S)	E. Caribbean $	5.10
Argentina	Ar. Peso	(cm) 12,028.0 (fn) 19,019.0
Australia (S)	Australian $	1.6520
Austria	Schilling	29.195
Azores	Portugu'se Escudo	120.50
Bahamas (S)	Ba. Dollar	1.8925
Bahrain (S)	Dinar	0.714
Balearic Isles	Spa. Peseta	179.20
Bangladesh (S)	Taka	35.40
Barbados (S)	Babados $††	3.7850
Belgium	B. Franc	(cm) 70.35 (fn) 79.10
Belize	B $	3.7850
Benin	C.F.A. Franc	527.75
Bermuda (S)	Bda $	1.8925
Bhutan	Indian Rupee	17.21
Bolivia	Bolivian Peso	46.90
Botswana (S)	Pula	1.6690
Brazil	Cruzeiro ‡‡	216.76
Brit. Virgin Isles (S)	U.S. $	1.8925
Brunei (S)	Brunei $	3.9060
Bulgaria	Lev	1.6980
Burma	Kyat	12.20
Burundi	Burundi Franc	163.465
Cameroon Republic	C.F.A. Franc	527.75
Canada	Canadian $	2.2555
Canary Islands	Spanish Peseta	179.20
Cape Verde Isle	Cape V. Escudo	69.20
Cayman Islands (S)	Cay. Is. $	1.5790
Cent. Af. Repub.	C.F.A. Franc	527.75
Chad	C.F.A. Franc	527.75
Chile	C. Peso	(Bk) 73.80
China	Renminbi Yuan	3.2828
Colombia	C. Peso	(F) 108.53
Comoro Islands	C.F.A. Franc	527.75
Congo (Brazaville)	C.F.A. Franc	521.50
Costa Rica	Colon	37.95
Cuba	Cuban Peso	1.3850
Cyprus (S)	Cyprus £	0.809
Czechoslovakia	Koruna	(com) 10.80 (n/c) 18.81 (T) 18.20
Denmark	Danish Krone	13.4525
Djibouti	Fr.	300 (sg)
Dominica (S)	E. Caribbean $	5.10
Dominican Repub.	Dominican Peso	1.8925
Ecuador	Sucre	(O) 47.25 (F) 62.93
Egypt	Egyptian £	(U) 1.57
Equatorial Guinea	Ekuele	358.4
Ethiopia	Ethiopian Birr	(P) 3.8550
Falkland Islands (S)	Falkland Is. £	1.0
Faroe Islands	Danish Krone	13.4525
Fiji Islands	Fiji $	1.6650
Finland	Markka	8.176
France	French Franc	10.555
FrenchC'tyin Af*	C.F.A. Franc	527.75
French Guiana	Local Franc	10.555
French Pacific Is.	C.F.P. Franc	180 (sg)
Gabon	C.F.A. Franc	527.75
Gambia (S)	Dalasi	4.0
Germany (East)	Ostmark	4.175
Germany (West)	Deutsche Mark	4.175
Ghana (S)	Cedi	5.15
Gibraltar (K)	Gibraltar £	1.0
Greece	Drachma	104.727
Greenland	Danish Kroner	13.4525
Grenada (S)	E. Caribbean $	5.10
Guadaloupe	Local Franc	10.555
Guam	U.S. $	1.8925
Guatemala	Quetzal	1.8925
Guinea Republic	Syli	40.20
Guinea Bissau	Peso	71.70
Guyana (S)	Guyanese $	5.6895
Haiti	Gourd	9.4625
Honduras Repub.	Lempira	3.80
Hong Kong (S)	H.K. $	10.61
Hungary	Forint	63.4217‡‡
Iceland (S)	I. Krona	14.353
India (S)	Ind. Rupee	17.21
Indonesia	Rupiah	1,193.85
Iran	Rial	148.50 (sg)
Iraq	Iraq Dinar	0.5556
Irish Republic (k)	Irish £	1.18175
Israel	Shekel	27.00
Italy	Lira	2,231.0
Ivory Coast	C.F.A. Franc	527.75
Jamaica (S)	Jamaica Dollar	3.3750
Japan	Yen	429.50
Jordan (S)	Jordan Dinar	0.632 (sg)
Kampuchea	Riel	2,371.0
Kenya (S)	Kenya Shilling	19.22
Kiribati	Australian $	1.6520
Korea (Nth)	Won	1.76 (ii)
Korea (Sth)	Won	1,288.10
Kuwait	Kuwait Dinar	0.532
Laos	New Kip	18.935
Lebanon	Lebanese £	8.6980
Lesotho	Loti	1.8140
Liberia	Liberian $	1.8925
Libya	Libyan Dinar	0.5602
Liechtenstein	Swiss Franc	3.36
Luxembourg	Lux Franc	70.35
Macao	Pataca	11.35
Madeira	Portug'se Escudo	120.50
Malagasy Republic	MG Franc	527.75
Malawi (S)	Kwacha	1.705
Malaysia (S)	Ringgit	4.2860
Maldive Islands (S)	Mal Rupee	7.4475
Mali Republic	Mali Franc	1,055.5
Malta (S)	Maltese £	0.729
Martinique	Local Franc	10.555
Mauritania	Ouguiya	105.45
Mauritius (S)	M. Rupee	19.47
Mexico	Mexican Peso	48.30
Miquelon	C.F.A. Franc	527.75
Monaco	French Franc	10.555
Mongolia	Tugrik	(o) 5.85 (ii)
Montserrat	E. Caribbean $	5.10
Morocco	Dirham	9.78 (sg)
Mozambique	Metical	56.75
Nauru	Australian Dollar	1.6520
Nepal	Nepalese Rupee	26.00
Netherlands	Guilder	4.595
Netherland Antilles	Antillian Guilder	3.3875
New Zealand (S)	N. Z. Dollar	2.2765
Nicaragua	Cordoba	18.92
Niger Republic	C.F.A. Franc	527.75
Nigeria (S)	Naira	1,205885 (sg)
Norway	Norway Krone	11.005
Oman Sul'ate of (S)	Rial Omani	0.655
Pakistan	Pakistan Rupee	18.66
Panama	Balboa	1.8925
Papua N.Guinea (S)	Kina	1.2830
Paraguay	Guarani	(O) 238.45 (F) 316.06
Peru	Sol	exe (A) 889.79
Philippines	Philippine Peso	14.93
Pitcairn Islands (S)	£ Sterling	—
	New Zealand $	2.2765
Poland	Zloty	(Cm) 62.40 (T) 62.40
Portugal	Portugu'se Escudo	120.50
Puerto Rico	U.S. $	1.8925
Qatar (S)	Qatar Ryal	6.90
Reunion Ile de la	French Franc	10.555
Romania	Leu	(Cm) 8.06 (n/c) 19.83
Rwanda	Rwanda Franc	168.97
St. Christopher (S)	E. Caribbean $	5.10
St. Helena	St. Helena £	1.0
S. Lucia	E. Caribbean $	5.10
St. Pierre	Local Franc	10.555
S. Vincent (S)	E. Caribbean $	5.10
Salvador El	Colon	4.73
Samoa American	U.S. $	1.8925
San Marino	Italian Lira	2,231.0
Sao T'oe&Principe	Dobra	73.70
Saudi Arabia	Ryal	6.47
Senegal	C.F.A. Franc	527.75
Seychelles	S. Rupee	11.53 (sg)
Sierra Leone (S)	Leone	2.20451
Singapore (S)	Singapore $	3.9060
Solomon Islands (S)	Solomon Is. $	1.6770
Somali Republic	Somali Shilling (3)	(A) 12.00
Somali Republic	Somali Shilling (4)	23.68
South Africa (S)	Rand	1.8140
South West African Territories (S)	S. A. Rand	1.8140
Spain	Peseta	177.20
Spanish ports in North Africa	Peseta	179.20
Sri Lanka (S)	S. L. Rupee	39.70
Sudan Republic	Sudan £ (1)	0.95
Sudan Republic	Sudan £ (2)	1.51
Surinam	S. Guilder	3.3875
Swaziland (S)	Lilangeni	1.8140
Sweden	S. Krona	10.335
Switzerland	Swiss Franc	3.36
Syria	Syria £	(A) 11.0
Taiwan	New Taiwan $	68.15
Tanzania (S)	Tan. Shilling	15.35
Thailand	Baht	43.29
Togo Republic	C.F.A. Franc	527.75
Tonga Islands (S)	Ha'anga	1.6520
Trinidad (S)	Trinidad & Tob. $	4.5420
Tunisia	Tunisian Dinar	0.953 (sg)
Turkey	Turkish Lira	236.97
Turks & Caicos	U.S. $	1.8925
Tuvalu	Australian $	1.6520
Uganda (S)	Uganda Shilling	140.0
United States	U.S. Dollar	1.8925
Uruguay	Uruguay Peso	(cm) 21.40 (fn) 21.34
Utd. Arab Emirates	U.A.E. Dirham	6.96
U.S.S.R.	Rouble	1.3220
Upper Volta	C.F.A Franc	527.75
Vanuatu	Vatu	169.60
	Aust. Dollar	1.6590
Vatican	Italian Lire	2,231.0
Venezuela	Bolivar	8.12
Vietnam	Dong	(O) 4.18 (T) 4.31 (T)
Virgin Islands U.S.	U.S. Dollar	1.8925
Western Samoa	S. Samoan Tala	2.02
Yemen (Nth)	Ryal	8.67 (sg)
Yemen (Sth)	S. Yemen Dinar	(A) 0.6470
Yugoslavia	New Y Dinar	72.0602
Zaire Republic	Zaira	10.246369
Zambia	Kwacha	1.665
Zimbabwe	Zimbabwe $	1.3590

*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. † Rupees per pound. ‡ General rates of oil and iron exports 78.50. ** Rate is the transfer market (controlled). †† Rate is now based on 2 Barbados $ to the dollar. ‡‡ Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt and who are not members of IMF. (ii) Based on gross rates against Russian rouble. (1) Official rates for government transactions and specified exports and imports. (2) Parallel rates for non-government transactions are non-specified exports and imports. (3) Parallel exchange rate for essential imports. (4) Exports, non-essential imports and transfers.

NEW HIGHS AND LOWS FOR 1981

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (22)

BRITISH FUNDS (3)
Treas. 8½pc '80-82 Treas. 9¼pc 1983
Treas. 3pc 1982

INTERNATIONAL BANKS (1)
Int Bank 5pc '77-82

FOREIGN BONDS (1)
Ireland 7½pc '81-83

BUILDINGS (2)
Galliford Brindley Warrington Mixconcrete

CHEMICALS (1)
Ransom (Wm.)

ELECTRICALS (1)
Amstrad

ENGINEERING (1)
Austin (James)

INDUSTRIALS (3)
Dyson (J. & J.) J.B. Holdings
Do. A

LEISURE (2)
LWT A Saga Holidays

MOTORS (1)
Caffyns

SHOES (1)
Footwear Inv.

TRUSTS (3)
F. & C. Ent. Trust Martin (R. P.)
Grange Trust

MINES (1)
Tara Explrtn.

NEW LOWS (14)

AMERICANS (2)
Kaiser Aluminum Simplicity

ENGINEERING (1)
Jones & Shipman

INDUSTRIALS (4)
Benlox UKO Int.
Huntleigh Wade Potts.

LEISURE (1)
Pan Atlas

MOTORS (1)
Armstrong Eqpt.

PROPERTY (1)
McInerney

TRUSTS (2)
Dualvest SPLIT Inc

OIL & GAS (1)
Brunswick Oil

MINES (1)
Gopeng Cons.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	89	1	1
Corpns. Dom. & Foreign Bonds	37	1	35
Industrials	467	129	760
Financial & Props.	243	51	214
Oils	40	18	44
Plantations	6	4	13
Mines	45	42	80
Others	19	82	41
Totals	946	328	1,188

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Nov 2	Nov 13	Feb 11	Feb 22
Nov 16	Nov 27	Feb 25	Mar 8
Nov 30	Dec 11	Mar 11	Mar 22

For rate indications see end of Share Information Service

Stocks favoured for the call included RHM, Bremar Trust, Southern Pacific Petroleum, Woolworth, Trident TV, Town and City Properties, Cable and Wireless, Fitch Lovell, Kwik-Fit, Swire Pacific A, Swire Properties, British Home Stores, Hampton Areas, P & O Deferred, Burmah, KCA International, KCA Drilling, Black and Edginton, Allied-Lyons, James Finlay, FNFC, Boustead, Ladbroke and Metal Box. Puts were done in ICI, Grand Metropolitan, Land Securities, GKN, George Wimpey and P & O Deferred. Doubles were arranged in Candecca, RHM and Burmah.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon., Nov. 9, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri. Nov. 6 Index No.	Thurs. Nov. 5 Index No.	Wed. Nov. 4 Index No.	Tues. Nov. 3 Index No.
1	CAPITAL GOODS (210)	333.34	+2.7	10.51	4.73	11.78	324.67	329.13	325.91	323.31
2	Building Materials (25)	286.01	+1.6	15.60	5.98	7.32	281.41	281.87	278.97	274.94
3	Contracting, Construction (28)	506.49	+2.3	18.65	5.44	6.27	495.05	499.46	499.61	495.80
4	Electricals (30)	1133.45	+2.9	8.05	2.53	15.51	1101.67	1119.66	1106.13	1095.33
5	Engineering Contractors (9)	473.31	+1.0	13.69	5.81	8.62	468.70	471.87	467.95	462.75
6	Mechanical Engineering (66)	186.16	+2.3	11.87	5.89	10.95	182.01	185.03	182.21	181.36
8	Metals and Metal Forming (13)	158.11	+2.6	9.00	7.49	15.10	154.12	156.55	155.60	154.78
9	Motors (21)	86.92	+5.1	—	7.80	—	82.73	84.94	85.87	87.00
10	Other Industrial Materials (18)	350.47	+3.8	9.42	6.45	12.93	337.58	342.66	340.44	338.84
21	CONSUMER GROUP (198)	268.79	+2.6	13.13	6.06	9.39	261.96	264.81	261.02	258.29
22	Brewers and Distillers (20)	275.10	+2.8	16.31	7.03	7.39	267.64	269.48	265.58	264.20
25	Food Manufacturing (21)	269.58	+2.7	14.85	6.25	8.13	262.61	263.80	262.47	259.52
26	Food Retailing (15)	553.83	+2.5	9.32	3.44	13.02	540.33	547.05	543.22	530.34
27	Health and Household Products (7)	351.22	+3.3	8.44	4.36	14.07	340.14	344.22	339.62	339.45
29	Leisure (24)	413.38	+2.6	9.85	5.33	12.59	402.85	411.35	408.99	405.93
32	Newspapers, Publishing (12)	451.85	+1.5	13.64	6.67	10.62	444.98	447.63	441.91	440.28
33	Packaging and Paper (13)	127.55	+1.9	16.17	8.35	7.38	125.19	125.93	123.63	123.01
34	Stores (46)	239.29	+3.1	12.02	5.61	11.15	232.05	235.14	230.05	226.48
35	Textiles (23)	143.82	+1.5	9.22	6.40	14.84	141.76	142.83	141.42	140.12
36	Tobaccos (3)	255.03	+0.8	22.30	10.21	5.16	252.88	256.63	248.37	245.69
39	Other Consumer (14)	253.43	+0.5	8.66	6.85	17.92	252.06	253.27	250.95	249.82
41	OTHER GROUPS (79)	220.48	+1.8	11.14	6.40	11.50	216.56	219.36	215.14	213.64
42	Chemicals (16)	291.50	+3.4	5.47	6.16	30.69	281.88	286.61	282.48	282.91
44	Office Equipment (4)	100.97	+1.3	18.11	8.72	6.60	99.67	102.50	99.67	96.88
45	Shipping and Transport (13)	505.37	−0.6	20.98	7.25	5.67	508.47	516.63	485.01	471.45
46	Miscellaneous (46)	278.69	+0.9	13.22	5.95	9.16	276.26	277.44	275.22	273.62
49	INDUSTRIAL GROUP (487)	284.18	+2.5	11.90	5.60	10.43	277.16	280.55	276.84	274.32
51	Oils (13)	727.41	+1.0	19.57	7.76	5.79	719.86	736.68	722.19	732.99
59	500 SHARE INDEX	320.11	+2.3	13.30	6.00	9.09	313.04	317.51	312.93	311.48
61	FINANCIAL GROUP (119)	255.52	+2.1	—	5.95	—	250.34	252.87	249.21	246.08
62	Banks (6)	273.52	+2.0	32.64	6.88	3.61	268.12	270.16	261.10	259.33
63	Discount Houses (10)	241.19	+0.1	—	9.30	—	240.93	237.34	237.34	237.38
64	Hire Purchase (3)	221.47	+0.7	14.05	8.35	9.86	219.89	225.21	225.21	225.53
65	Insurance (Life) (9)	256.91	+2.9	—	6.23	—	249.69	251.47	248.20	245.93
66	Insurance (Composite) (10)	168.38	+1.8	—	7.95	—	165.40	167.78	167.21	164.38
67	Insurance Brokers (8)	421.79	+1.3	10.95	5.72	12.42	416.53	418.74	415.94	414.39
68	Merchant Banks (13)	148.13	+0.5	—	5.43	—	147.33	146.97	146.22	145.63
69	Property (50)	450.70	+2.5	4.40	3.18	30.66	439.64	445.22	441.02	432.97
70	Miscellaneous (10)	173.52	+2.1	18.51	6.33	6.57	169.97	172.93	169.59	166.22
71	Investment Trusts (110)	284.98	+0.5	—	5.63	—	283.70	285.52	283.23	282.02
81	Mining Finance (4)	246.87	+2.1	13.96	5.74	8.62	241.75	245.86	240.88	244.11
91	Overseas Traders (17)	406.16	+3.1	12.97	7.84	9.41	393.87	397.97	395.69	390.77
99	ALL-SHARE INDEX (750)	306.11	+2.1	—	5.99	—	299.74	303.65	299.58	297.67

FIXED INTEREST

	PRICE INDICES	Mon. Nov. 9	Day's change %	Fri. Nov. 6	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years	105.63	+0.66	104.94	—	9.65
2	5-15 years	101.26	+1.50	99.87	0.11	11.14
3	Over 15 years	101.64	+1.37	100.27	—	12.60
4	Irredeemables	108.19	+1.41	106.69	—	13.50
5	All Stocks	102.51	+1.18	101.35	0.04	11.07
6	Debentures & Loans	78.03	+0.83	77.67	0.29	9.91
7	Preference	59.34	+0.59	59.05	0.05	6.35

	AVERAGE GROSS REDEMPTION YIELDS		Mon. Nov. 9	Fri. Nov. 6
	British Government			
1	Low Coupons	5 years	13.37	13.56
2		15 years	13.86	14.09
3		25 years	13.87	14.11
4	Medium Coupons	5 years	15.43	15.84
5		15 years	15.68	15.92
6		25 years	15.23	15.43
7	High Coupons	5 years	15.35	15.70
8		15 years	15.89	16.12
9		25 years	15.46	15.66
10	Irredeemables †		13.51	13.70
11	Debs & Loans	5 years	16.72	16.87
12		15 years	16.70	16.75
13		25 years	16.68	16.71
14	Preference †		16.70	16.74

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the cons[tituents] is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post [...]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

INSURANCE PROPERTY BONDS

[illegible]

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

1981 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
98¼	95½	Treas 8½pc '80-82‡‡	98¼	+⅛	8.60	15.01
97⅛	91⅞	Treasury 3pc '82‡‡	97⅛	+¼	3.08	13.58
107	99¼	Treasury 14pc '82‡‡	99⅞	+⅛	14.01	14.25
99¾	98¼	Treas. Variable '82§§	99⅝xd	−⅛	13.89	15.85
96¾	93½	Treasury 8¼pc '82	96⅛	+⅛	8.55	14.57
96¼	93½	Exch. 9¼pc 1982	95¾	+⅛	9.66	14.56
95¼	92⅝	Exch. 8¾pc 1983	95⅛	+⅛	9.19	13.34
92¼	84⅞	Exch. 3pc 1983	89⅞	+⅛	3.33	11.68
99⅜	95	Treasury 12pc 1983‡‡	97⅛	+⅛	12.35	14.38
99⅝	96¼	Treas. Variable '83§§	99½xd	−⅛	13.41	15.72
92⅞	90⅛	Treasury 9½pc '83	92⅞	+½	9.95	14.08
101¾	95¼	Exch. 13½pc '83	97⅜xd	+½	13.79	14.77
94⅛	89¼	Exch. 10pc 1983	92½xd	+½	10.85	14.56
88⅜	83½	Funding 5½pc '82-84‡‡	85½	+¼	6.43	13.33
96¼	90	Exch. 11¼pc 1984	93⅛	+⅞	12.08	14.82
103⅞	95¼	Exchequer 14pc 1984	98¼xd	+⅞	14.17	14.64
82⅞	77	Exch. 3pc 1984	78	....	3.84	13.24
98⅜	90½	Treasury 12pc 1984	93⅞	+⅞	12.78	14.66
107¼	95⅞	Treasury 15pc 1985	98⅞	+¼	15.17	15.31
98⅞	88¼	Exch. 12pc Cnv. '85	91½	+1⅛	13.11	15.44
76	71	Treasury 3pc 1985	72¼xd	+⅛	4.15	13.14
96¾	85¼	Treasury 11½pc 1985	88½	+1⅛	12.99	15.68
98⅞	87⅞	Exch. 12¼pc 1985	91½xd	+1⅛	13.38	15.17
97⅛	84¾	Exch. 11¾pc '86	88½	+1⅛	13.27	15.46
70¾	65¾	Treasury 3pc 1986	68¾xd	+¼	4.38	12.34
97¾	84½	Treasury 12pc '86	88⅞xd	+1⅛	13.50	15.50
88⅛	78½	Treasury 8½pc '84-86‡‡	81	+⅛	10.49	14.18
		Five to Fifteen Years				
103⅞	92¾	Exch. 13¼pc 1987	97½	+1⅞	14.17	15.05
81¼	71⅛	Funding 6½pc '85-87‡‡	74¼	+⅞	8.77	13.32
99½	81½	Treas. 12pc 1987	86⅜	+1⅞	13.93	15.64
81⅛	73¼	Treasury 7¾pc '85-88‡‡	76⅛	+⅞	10.45	14.12
65½	58⅝	Transport 3pc '78-88	61¾	+⅞	4.94	11.67
92¾	79½	Treasury 11½pc 1989	84⅝	+1½	14.00	15.67
67¼	59¾	Treasury 5pc '86-89	63⅛	+1	7.96	12.54
101½	88½	Treasury 13pc 1990‡‡	93	+1¼	14.64	15.42
95¾	81⅝	Exch. 12½pc 1990	86⅝	+1½	14.71	15.78
80¾	70⅛	Treasury 8¼pc '87-90‡‡	70¼xd	+⅝	11.55	14.11
93⅛	79½	Treasury 11¾pc 1991	84½	+1⅞	14.58	15.81
66¼	57	Funding 5¾pc '87-91‡‡	60⅛	+1	9.65	13.45
90	72⅞	Exch. 11pc 1991	77½	+1⅝	14.28	15.62
98⅜	83¾	Treasury 12¾pc '92‡‡	88¼	+1¼	15.11	15.85
82⅞	70¼	Treasury 10pc 1992	74¼	+1¼	13.88	15.50
94⅜	79	Exch. 12¼pc '92	83⅞	+1⅞	15.06	15.91
101⅞	84¼	Exchequer 13½pc '92	89½	+1¼	15.46	15.97
96¾	81¾	Treasury 12½pc '93‡‡	86⅛	+1⅛	15.14	15.80
63⅞	53¾	Funding 6pc 1993‡‡	56⅞	+1	10.72	13.57
105¼	84	Treasury 13¾pc 1993‡‡	88¼xd	+1¼	15.49	15.89
107¼	90⅛	Treasury 14½pc '94‡‡	95	+1⅛	15.72	15.94
104¼	82⅝	Exchequer 13½pc 1994	87	+1⅛	15.61	16.03
95⅝	79½	Exch. 12½pc 1994	84¼	+1¼	15.33	15.90
79¾	63¾	Treasury 9pc '94‡‡	66¼xd	+1	13.52	14.89
92⅞	77¾	Treasury 12pc '95	82½	+1¼	15.19	15.81
51¼	42	Gas 3pc '90/95	43½	+½	6.90	11.26
83	69⅝	Exch. 10¼pc 1995	73⅞	+1⅛	14.59	15.54
100⅛	79½	Treasury 12¾pc '95‡‡	83¼xd	+1¼	15.26	15.69
104⅞	88⅜	Treas. 14pc '96	92¾	+1⅛	15.82	16.05
76¼	63¼	Treasury 9pc '92/96‡‡	66⅝	+⅞	13.79	14.94
115⅜	91⅝	Treasury 15¼pc '96‡‡	96⅛	+1⅛	15.91	16.00
103½	82	Exchequer 13¼pc '96‡‡	86xd	+1¼	15.37	15.70
100¼	90¼	Treas. 2pc I.L. '96‡‡	93½	+1	2.36	2.87
50¼	42⅛	Redemption 3pc 1986-96	44⅛	+½	6.84	10.57
		Over Fifteen Years				
101⅛	85⅛	Treasury 13¼pc '97‡‡	89⅝	+1⅛	15.47	15.74
83⅞	69¼	Exchequer 10½pc 1997	73⅝	+1	14.72	15.41
74¼	62⅛	Treasury 8¾pc 1997‡‡	65⅜	+1	13.73	14.71
25	22¼	Exch 15pc 1997 £25pd ●	23½	+½	16.0	16.10
65⅝	51⅜	Treasury 6¾pc '95-98‡‡	54½	+1	12.42	13.87
114½	94½	Treas. 15½pc '98‡‡	99⅛	+1¼	15.91	15.94
95⅛	74⅝	Exch. 12pc 1998	78¼xd	+1⅛	15.29	15.65
79⅜	66⅝	Treasury 9½pc 1999‡‡	70	+1	14.19	14.85
94	76⅝	Exch. 12¼pc 1999	80⅞	+1	15.43	15.75
86¼	67⅝	Treasury 10½pc 1999	70⅞xd	+1⅛	14.76	15.28
100	83½	Treas. 13pc 2000	87¼	+1	15.56	15.74
107¼	85	Treas. 14pc '98-01	88¼xd	+1⅛	15.69	15.81
93¼	77¼	Exch. 12pc '99-02	81⅞	+1⅛	15.34	15.53
104⅞	87⅛	Treas. 13¾pc 2000-03	91⅝	+1⅛	15.70	15.77
90	73½	Treasury 11½pc '01-04	77⅞	+1	15.08	15.26
41⅛	33⅛	Funding 3½pc '99-04	34⅞	+½	10.37	12.14
99¼	78	Treasury 12½pc '03-05	81½xd	+1⅛	15.26	15.37
91½	86⅛	Treas. 2pc IL '06‡‡	90¼	+⅞	2.36	2.59
68¼	56¼	Treasury 8pc '02-06‡‡	59½	+1	13.62	13.96
92½	76⅜	Treasury 11¾pc 03-07	81	+1	15.17	15.26
103⅛	84¼	Treas. 13½pc '04-08	89⅜	+1⅛	15.39	15.42
50⅝	41⅛	Treasury 5½pc '08-12‡‡	44⅛	+⅞	12.72	13.07
66¾	55⅝	Treasury 7¾pc '12-15‡‡	58⅞	+1	13.69	13.79
98⅛	79⅜	Exch. 12pc '13-'17	80½xd	+1⅛	14.71	14.75
		Undated				
33¼	27⅞	Consols 4pc	29	+⅞	14.34	—
32¼	24⅞	War Loan 3½pc‡‡	25⅞xd	+⅞	13.42	—
37⅝	30½	Conv. 3½pc '61 Aft.	31½	+⅞	11.25	—
25	20⅛	Treasury 3pc 66 Aft	21⅛	+¼	14.40	—
21⅛	17⅞	Consols 2½pc	18⅜	+¼	13.79	—
21	16¾	Treasury 2½pc	17¾	+¼	14.30	—

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

1981 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
99⅝	90½	Finland 14½pc Ln 1986	94¼	+1	15.38	16.37
93	87	Int. Bank 5pc '77/82	93	+½	15.37	14.70
99¾	89	Do. 13½pc Ln 1986	92¼	+1	14.63	15.96
30½	27½	Mex 16½pc 2008 (£30pd)	29¼	+⅜	17.11	17.40
100¾	88¼	Sweden 13½pc 1986	92¼	+1	14.63	16.0

CORPORATION LOANS

1981 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
93½	83¾	Bath 11¼pc 1985	87¼	+1	12.87	15.62
98	88¼	B'rm'ham 12½pc 1985	91¼	+1	13.69	15.72
102	86	Burnley 13pc 1987	87½xd	+1	14.68	16.21
95½	80¼	Cardiff 11pc 1986	83¼xd	+1	13.18	15.98
100⅛	97⅞	G.L.C. 12½pc '82	99	+⅛	12.63	14.64
99	93½	Do 12½pc 1983	96¼	+¼	12.98	14.92
95⅞	92½	Glasgow 9¼pc '80-82	94⅞	+½	9.74	14.83
75½	67¼	Herts 6¼pc 1985-87	70½	+1	9.81	15.02
98¾	79¾	Leeds 13½pc 2006	83¾	+¼	16.41	16.46
91½	86	Liverpool 9¼pc '80-84	89	+1	10.95	15.14
26	21½	D. 3½pc Irred.	23½xd	+½	15.28	—
100½	94½	Lon. Corp. 13¾pc '83	97	+¼	13.66	15.00
88¼	84	Do. 9¼pc '84-85	85¼	+½	10.85	14.28
80½	78	LCC 5½pc '82-84	80¼	+¾	6.84	14.57
71¼	63¼	Do. 5½pc '85-87	67¼	+1	8.47	14.88
70¼	58	Do 6¼pc '88-90	61¼	+1	11.38	15.40
23¾	18¼	Do. 3pc '20 Aft.	20xd	+½	14.98	—
97¼	89½	Sunderland 12¼pc 1984	92	+¾	13.33	15.52

COMMONWEALTH AND AFRICAN LOANS

1981 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
97½	92¼	Aust. 5½pc '81-82	97	+⅛	5.70	14.50
87½	82½	Do. 6pc 1981-83	84xd	+¼	7.11	14.99
67¼	57¼	N Z. 7½pc 1988-92	58¼	+½	12.88	15.87
81¼	74	Do. 7½pc '83-86	76¼	+¼	10.15	15.64
141	125	S. Rhod. 2½pc Non-Ass	132	...	—	—
61	43	Do 3½pc 80-85 Assd.	53	...	6.67	22.00
43	26	Do. 4½pc 87-92 Assd.	33	......	14.11	20.60
395	322	Zimbabwe Ann (£100pa)	322	...	—	25.69

LOANS

1981 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		Public Board and Ind.				
64	57¼	Agric. Mt. 5pc '59-89	59¾	+1	8.60	14.10
29½	23¾	Met. Wtr. 3pc 'B'	26	+½	11.73	14.08
114	97	U.S.M.C. 9pc 1982	100		9.39	—
97¾	91	Do. without Warnts.	95		9.90	—
		Financial				
101½	94¼	FFI 14pc '83	96½	......	14.50	15.96
93½	88½	FFI(UK Fn)5½pcDb. '80-2	92½	......	6.01	16.71
83½	77	Do. 6¼pcDb. '81-84	79xd	+½	7.96	15.22
93	84½	Do. 10¾pc Uns.Ln. '86	86	+½	12.78	16.60
92	80	Do. 11pc Uns.Ln. '88	82½	+1	14.01	15.75
92	80	Do. 11¾pc Uns.Ln. '90	81	−½	15.33	17.20
94½	78½	Do. 12½pc Un. Ln. 1992	81	−½	15.66	16.70
64½	54½	Do. 7¼pcADeb. '89-92	54½xd		13.12	16.02
62	51½	Do. 7¼pcADeb. '91-94	53¼		13.93	16.25
72½	59½	Do. 9pc 'A' '91-94	61½	......	15.60	16.62
70	56½	Do. 8¾pcLn. '92-97	59	......	15.63	16.80
		Building Societies				
100⅛	98¼	N'wide 14⅜pcBd11.1.82	99¼		14.86	—
100	98	Do. 14¾pc Bds 25.8.82.	99⅝	......	14.86	—
99⅜	98¼	Do. 15¾pc Bds 29.9.82	99¼	......	15.49	—

FOREIGN BONDS & RAILS

1981 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
95	58	Antofagasta Rly	72	......	—	—
55	53½	Do. 5pc Pref.	54	......	—	—
98	98	Chilean Mixed	98	......	3	13.2
28	14	Chinese 4½pc 1898	18	......	—	—
22	11	Do. 5pc 1912	13	......	—	—
18	8	Do. 5pc 1913	14	......	—	—
16	9	Do 5pc '25 Boxer	12	......	—	—
94	76½	Denmark 13pc 2005	81	+½	13	17.11
45	36	Greek 7pc Ass.	45	......	3½	17.80
42	33	Do. 6pc 28 Stb. Ass.	42	......	3	17.29
35	30	Do 4pc Mixed Ass.	35	......	2	15.83
52	38	Hung. '24 Ass	38	......	2¼	17.50
97¼	87	Hydro Quebec 15pc Ln 2011	87¼xd	......	15	17.04
67	60	Iceland 6½pc '83-88	60	......	6½	17.20
102	81½	Do. 14½pc Ln 2016	85¾	+¼	14½	17.72
90¼	83½	Ireland 7½pc '81-83	90¼	+½	7½	15.57
79¼	63¾	Do. 9¾pc '91-96	66½	+¼	9¾	16.00
225	180	Japan 4pc '10 Ass	225	......	—	—
79	66	Do. 6pc '83-88	67½	......	6	14.01
165	155	Peru Ass. 2007	161	......	5.22	13.26
96¼	79½	Pet. Mx 14½pc '06	83½	+½	14½	17.77
$79	$75	Turin 9pc 1991	$75	......	9	12.00
DM90	DM87	Turin 6½pc 1984	DM87	......	6½	10.80
96	96	Uruguay 3½pc	96	......	3½	3.85

AMERICANS

1981 High	Low	Stock	Price £	+ or −	Div. Gross	C'vr	Y'ld Gr's
27⅞	24	AMF 5% Conv. '87	24	......	5%	—	13.1
16½	912p	Abbott Labs.‖	15	−½	72c	—	2.7
17¼	12⅞	Alcoa 1$	12⅞	−⅞	$1.80	—	6.7
37¾	16½	Amax $1	26xd	−1¼	$2.40	—	5.1
21¼	14	Amdahl	17	−¼	40c	—	1.3
27⅞	16¾	Amer. Express $0.60	24	−⅞	$2.00	—	4.6
17¼	10⅞	Amer. Medical Intl. $1	14¼	−⅝	52c	—	2.0
21¼	19¾	Amer. Nat. Res. $1	20	−⅞	$3.44	—	9.5
14⅜	11¼	Bank America Corpn.	12¼xd	−⅛	$1.52	—	6.9
18⅝	12⅞	Bankers N.Y. $10	17⅞	......	$1.85	—	5.8
36⅝	22¼	Bendix Corp. $5	29⅝	−⅞	$3.00	—	5.6
[illegible]							

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

INSURANCE

INSURANCE—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

Indian and Bangladesh

Sri Lanka

Africa

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—Continued

Australian

1981 High	1981 Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
45	32	Acmex 50c	45	.....	Q2.5c	—	3.5
41	14	ACM 20c	24	.....	—	—	—
21	9	Argosy Gold NL 25c	11	.....	—	—	—
229	134	Bond Corp.	160	−6	010c	2.3	3.9
112	67	Bougainville I Kina	74	.....	Q15.4c	1.0	‡
302	176	CRA 50c	186	−6	Q19c	1.7	6.2
25	9	Canada Northwest	10½	−½	—	—	—
35	11	Carr Boyd 20c	14	−1	—	—	—
415	43	Central Pacific	74	+11	—	—	—
35	4	Cons. Gold Min. N.L. 25c	4	.....	—	—	—
47	13	Cultus Pacific N.L.	18	.....	—	—	—
68	22	Eagle Corp. 10c	25	−2	—	—	—
40	18½	Endeavour 20c	19	.....	—	—	—
560	310	G. M. Kalgoorlie 25c	415	−10	Q32½c	φ	4.8
25	6½	Great Eastern	8	.....	—	—	—
185	60	Greenbushes Tin 50c	70	−5	Q6c	1.9	5.2
275	130	Hampton Areas 10p	145		2.5	3.1	2.5
168	31	Haoma Gold N.L.	32	−2	—	—	—
85	20	Intl. Mining	22	.....	—	—	—
118	24	Jimberlana (50cFP)	30	−2	—	—	—
15	9	Kalbara Min 20c	9	.....	—	—	—
245	130	Kitchener NL 25c	135	−5	—	—	—
105	16	Leichardt Expln.	20	.....	—	—	—
430	275	Meekatharra	340	−10	—	—	—
70	39	Metals Ex. 50c	39	.....	Q3c	φ	4.7
38	19	Metramar Mins 20cts	20	+1	—	—	—
20	10	Mid East Mins. NL	10	.....	—	—	—
290	189	M.I.M. Hldgs. 50c	205	−2	Q15c	φ	4.6
21	7½	Minefields Expl. 25c	8½	−½	—	—	—
20	13	Newmetal 20c	16	.....	—	—	—
69	35	Nickelore N.L.	35	.....	—	—	—
204	147	North B. Hill 50c	160	.....	Q18c	1.0	7.0
84	50	Nth. Kalgurli	80	.....	—	—	—
200	94	Nth. Mining Corp.	185	.....	♦—	—	—
122	20	N. West Mining N.L.	23	−1	♦—	—	—
150	106	Oakbridge 50c	115	−5	Q6½c	1.9	3.5
185	90	Otter N. L.	90	.....	—	—	—
188	104	Pacific Copper	106	−2	—	—	—
*423	126	Pancont'l 25c	158	−2	—	—	—
88	42	Paringa M&Ex.5p	65	.....	♦—	—	—
525	325	Peko-Wallsend 50c	345	−10	Q15c	—	2.7
43	16	Pelsart Res NL	18	.....	—	—	—
120	54	Seltrust A	54	.....	—	—	—
157	18	Southern Pacific	33	+2	—	—	—
100	40	Swan Resources 20c	45	.....	—	—	—
316	60	Vultan Mins 20c	70	.....	—	—	—
18½	8	West Coast 25c	8½	−1½	—	—	—
130	85	Westn. Cont 50c	85	.....	—	—	—
335	227	Westn. Mining 50c	262	.....	Q14c	1.6	3.3
27	14	Westmex	14	.....	—	—	—
76	36	Whim Creek 20c	44	.....	—	—	—
101	21	York Resources	27	.....	—	—	—

Tins

1981 High	1981 Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
16	7½	Amal Nigeria 1p	8	.....	‡6.0	—	—
300	210	Ayer Hitam $M1	225	.....	Q135c	φ	14.3
210	98	Geevor	165	.....	—	—	—
12	8	Gold & Base 12½p	12	+½	—	—	—
660	470	Gopeng Cons.	470	−5	‡13.0	φ	4.0
450	310	Hongkong	320	.....	21.0	φ	9.4
160	110	Idris 10p	155#	.....	‡9.0	0.8	‡
*29	10	Jantar 12½p	19	.....	‡1.5	4.0	11.3
98	60	Kamunting $M0.50	65	+5	Q27½c	0.8	0.0
665	363	Killinghall $M1	500	.....	♦066.7c	φ	3.2
114	88	Malaysia Mng. 10c	90	.....	♦h038c	0.9	10.3
68	30	Pahang	32	.....	‡0.63	0.8	‡
125	90	Pengkalen 10p	120	.....	3.5	—	4.2
380	290	Petaling $M1	290	.....	‡0180c	1.4	‡
25	19	South Crofty 10p	24#	.....	—	—	—
225	185	Sungei Besi $M1	195	.....	Q310c	1.1	37.9
185	90	Supreme Corp. $M1	90	.....	♦015½c	φ	4.2
118	100	Tanjong 15p	100	.....	3.5	3.7	5.0
90	60	Tongkah H. Tin I$m	60	.....	Q25c%	φ	10.1
410	220	Tronoh $M1	250	.....	‡Q110c	1.2	‡

Copper

1981 High	1981 Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
410	165	Messina R0.50	335	.....	†Q45c	4.7	7.7

Miscellaneous

1981 High	1981 Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
175	32	Anglo-Dominion	35	+1	—	—	—
25½	12	Burma Mines 10p	14	.....	0.75	0.9	7.7
330	85	Colby Res. Corp.	150	.....	—	—	—
330	200	Cons. Murch. 10c	280	.....	tQ30c	1.8	6.1
10	6	††Explaura Gold	7	.....	—	—	—
98	47	††Hemerdon 10c	55	−2	—	—	—
180	65	Highwood Res.	85	.....	—	—	—
505	260	Northgate C$1	300	.....	—	—	—
633	372	R.T.Z.	487xd	+17½	16.0	2.3	4.7
£130½	£93½	Do.9½%Cv.Ln.'95-2000	£107½	−½	Q9½%	—	f9.1
103	13	††SPO Minerals 10p	26	.....	—	—	—
47	20	Sabina Inds. C$1	24	+1	—	—	—
44	21	♣Southwest C. 10p	27	.....	—	—	—
650	465	Tara Expln. $1	650	+90	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- φ Figures or report awaited.
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¶ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ★★ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −
Albany Inv. 20p	41	.....
Bertrams	10	.....
Bdg'wtr Est. 50p	400	.....
Craig & Rose £1	413	.....
Finlay Pkg. 5p	23	.....
Graig Ship. £1	£21xd	+⅛
Higsons Brew	63	.....
Holt (Jos) 25p	510	.....
I.O.M. Stm. £1	150	.....
Pearce (C. H.)	800	−10
Peel Hldgs.	120	.....
Sheff. Refrshmt	90	.....
Sindall (Wm.)	190	.....

IRISH

Stock	Price	+ or −
Conv. 9% '80/82	£92¼	.....
Nat. 9¾% 84/89	£69⅝	+½
Fin. 13% 97/02	£74¾	+¼
Alliance Gas	76	.....
Arnott	222	.....
Carroll (P.J.)	79	.....
Concrete Prods.	90	.....
Helton (Hldgs.)	23½	.....
Irish Ropes	38	.....
Jacob	63	.....
T.M.G.	21	.....
Unidare	55	.....

OPTIONS

3-month Call Rates

Industrials

Stock	Rate	Stock	Rate
A. Brew	6½	House of Fraser	13
BOC Intl.	11	I.C.I.	18
B.S.R.	7½	"Imps"	5
Babcock	9	I.C.L.	5
Barclays Bank	36	Ladbroke	13
Beecham	17	Legal & Gen.	20
Blue Circle	38	Lex Service	9
Boots	18	Lloyds Bank	28
Bowaters	19	"Lofs"	3½
Brit. Aerospace	17	London Brick	6½
B.A.T.	28	Lucas Inds.	16
Brown (J.)	6	"Mams"	11
Burton Ord.	12	Mrks. & Spncr	10
Cadburys	8	Midland Bank	26
Courtaulds	5½	N.E.I.	7
Debenhams	7	Nat. West. Bank	30
Distillers	16	P & O Dfd.	9
Dunlop	6½	Plessey	26
Eagle Star	25	Racal Elect.	34
F.N.F.C.	4	R.H.M.	5
Gen. Accident	30	Rank Org. Ord.	14
Gen. Electric	55	Reed Intnl	23
Glaxo	32	Sears	5
Grand Met.	15	Tesco	5
G.U.S. 'A'	36	Thorn EMI	30
Guardian	50	Trust Houses	11
G.K.N.	12	Tube Invest.	12
Hawker Sidd	25	Turner & Newall	7½
		Unilever	50
		Utd Drapery	6½
		Vickers	15
		Woolworths	4½

Property

Stock	Rate
Brit. Land	7
Cap. Counties	10
Land Secs.	30
MEPC	20
Peachey	15
Samuel Props.	13
Town & City	2¼

Oils

Stock	Rate
Brit. Petroleum	28
Burmah Oil	11
Charterhall	6
KCA	12
Premier	7
Shell	28
Tricentrol	25
Ultramar	40

Mines

Stock	Rate
Charter Cons.	21
Cons. Gold	40
Lonrho	7
Rio T. Zinc	45

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 32

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES

Tuesday November 10 1981

Acquisition of Serck by BTR to proceed

By Duncan Campbell-Smith

THE ACQUISITION of Serck, the Birmingham-based engineering company, by the BTR industrial group has been allowed to proceed in spite of its reference to the Monopolies and Mergers Commission last Friday.

The City Take-over Panel yesterday agreed in this case to waive its rule which requires that bids be allowed to lapse in such circumstances.

The panels action allowed BTR to pursue a bid for 49.8 per centof Serck's shares, which it posted to Serck shareholders on October 16. In line with the Take-over Code the offer document was conditional on there being no reference of the bid to the Monopolies Commission.

BTR built up a controlling interest of 50.2 per cent in the market after a dawn raid on September 21.

The panel's waiver followed an approach from BTR and its advisers, Morgan Grenfell, on Friday night. Weekend talks between the companies, their advisers and the panel also involved the Office of Fair Trading. OFT officials indicated they would have no objection to BTR increasing its holding of Serck, because it held more than 50 per cent.

"If BTR want to gamble on the outcome of the commission's investigations, that is their decision," an official said last nght. "We can still negotiate with the company to make sure nothing is odne prejudicial to the conclusions of the Monopolies report."

Serck shareholders have twice seen their company's independence reasserted at the eleventh hour by official intervention on anti-monopoly grounds.

Yesterday they finally approved a capital reorganisation designed to facilitate the closing of BTR's 60p cash-bid for each of their shares. Acceptances lifted BTR's holding to more than 90 per cent and the bid became unconditional.

Recommending its reference to the Monopolies Commission on Friday, the Office of Fair Trading presented an unprecedented case to Mr John Biffen, Trade Secretary.

All previous references had applied to bids either still conditional or, in three cases only, giving the acquiring party an unconditional but minority shareholding.

Serck's shares fell 12p to 45p on Friday in reaction to news of the reference. They were suspended yesterday morning at 45p and are expected to resume trading today.

Weather

UK TODAY

CLOUDY with ra—in. Temepratures near normal. Windy.

London, S.E., S.W. England, Channel Is.
Dry at first, soon becoming cloudy with occasional rain or drizzle. Max. 12C (54F).

E., N.E., N.W. England, Wales, Midlands
Cloudy. Rain at times. Max. 11C (52F).

S.W. Scotland, N. Ireland
Rain, heavy at times. Max. 10C (50F).

Rest of Scotland
Cloudy, rain at first becoming brighter but showery. Max. 9C (48F).

Outlook: Changeable occasional rain. Night frost in places.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	11	52	London	S	9	48
Algiers	S	20	68	L. Ang.†	F	14	57
Amsdm.	C	7	45	Luxmbg.	S	2	36
Athens	F	13	59	Luxor	S	29	84
Bahrain	S	25	81	Madrid	F	14	57
Barcelna.	S	14	57	Majorca	C	18	64
Beirut	F	24	75	Malaga	F	20	68
Belfast	C	8	46	Malta	F	16	61
Belgrd.	C	1	34	M'chstr.	C	6	43
Berlin	C	3	37	Melbne.	R	20	68
Biarritz	Fg	6	43	Mx. C.		—	—
Bmghm.	C	6	43	Miami†		—	—
Blackpl.	C	9	48	Milan	S	7	45
Bordx.	S	6	43	Montrl.†		—	—
Boulgn.	C	5	41	Moscow	Sn	1	34
Bristol	C	6	43	Munich	Sn	−1	30
Brussels	C	3	37	Nairobi	C	25	77
Budpst	Sn	3	37	Naples	S	11	52
Cairo	S	26	79	Newcstl.	C	9	48
Cardiff	C	7	45	N. York†	F	8	46
Cas'b'ca	S	23	73	Nice	C	11	52
Cape T.	S	26	79	Nicosia	F	23	73
Chicg.†	F	1	34	Oporto	C	16	61
Cologne	C	3	37	Oslo	[illegible]	0	32
Cpnhgn	S	4	39	Paris	S	4	39
Corfu	F	11	52	Perth	S	23	73
Denver†	F	−1	30	Prague	Sn	0	32
Dublin	C	9	48	Reykjvk.	R	4	39
Dbrvnk.	S	8	46	Rhodes	C	20	68
Ednbgh.	C	10	50	Rio J'o†		—	—
Faro	F	20	68	Rome	S	11	52
Florence	S	11	52	Salzbrg.	Sl	−1	30
Frankft.	F	3	37	S. F'cisco†	F	11	52
Funchal	F	17	63	Singapr.		—	—
Geneva	S	3	37	S'tiago†		—	—
Gibraltar	F	19	66	Stckhm.	C	−1	30
Glasgow	C	10	50	Strasbg.	S	3	37
G'rnsey	S	6	43	Sydney	C	21	70
Helsinki	F	−1	30	Tangier	S	22	72
H. Kong	C	16	61	Tel Aviv	F	24	75
Innsbrk.	F	1	34	Tenerife	C	17	63
Invrnss.	C	11	52	Tokyo	C	10	50
I.o.Man	C	10	50	Toronto†		—	—
Istanbul	R	16	61	Tunis	C	17	63
Jersey	S	5	41	Valencia	F	18	64
Jo'burg	F	26	79	Venice	S	7	45
L. Plms.	C	23	73	Vienna	Sn	2	36
Lisbon	C	16	61	Warsaw	C	1	34
Locarno	S	6	43	Zurich	S	2	36

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleat. Sn—Snow. † Noon GMT temperatures.

Belgium may be without government for months

BY LARRY KLINGER IN BRUSSELS

BELGIUM could face several months without a government following the crushing defeat of the once-dominant Christian Democrats in Sunday's general election.

King Baudouin yesterday faced the difficult task of choosing a person capable of forming and holding together a new administration. The country's myriad political parties, meanwhile, began work on defining their policy positions in the light of the radical change in Belgium's political atmosphere.

The Christian Democrats, representing the Flemish-speaking majority, have produced almost all the country's prime ministers of recent times. But they suffered heavy losses at the hands of the right-wing Liberals and Flemish federalists, in a swing which left the Socialists as the strongest single party for the first time in 45 years.

Under the Belgian constitution the choice of prime minister is formally the prerogative of the King. After taking soundings from the country's political and economic leaders he must appoint either a potential prime minister to try to form a government or, failing a clear-cut choice, an elder statesman to canvass party opinion.

BELGIUM'S NEW PARLIAMENT
(212 seats)

	1981	1978
Socialists:		
Flemish	26	26
French	36	32
	62	58
Christian Democrats:		
Flemish	43	57
French	18	25
	61	82
Liberals:		
Flemish	28	22
French	23	15
	51	37
Nationalists:		
Flemish	21	15
French	8	15
Ecologists	4	0
Right to Work Party	3	1
Communists	2	4

However, while Sunday's vote was extraordinarily decisive in Belgian terms—a similar swing has occurred only once since the war—leaders of all political persuasions said yesterday that the result could make the formation of an effective national government the most trying in recent memory.

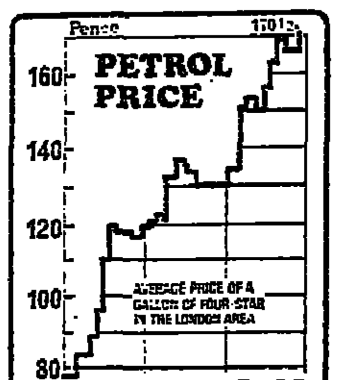
"If something cannot be sorted out fairly quickly," said a leading Christian Democrat, "it could be months before Belgium has a new government."

The election again left unresolved all the differences between the country's Flemish and French-speaking halves, and it shattered the country's customary power balance, leaving a rigid division between Left and Right.

The country's three main political "families"—Socialists, Christian Democrats and Liberals—are so nearly equally balanced in terms of parliamentary power that the traditional coalition permutations could prove less easy to manage than usual.

Any two of the three groupings, with 62, 61 and 51 places respectively in the 212-seat Parliament, could form a coalition with a majority, but one which would possibly be too shaky even to withstand its first vote of no confidence.

Background, Page 3;
Editorial Comment, Page 18



BP raises petrol price and ends dealer aid

By Martin Dickson

PUMP PRICE of BP petrol is going up by about 4p a gallon, and the company is coupling the increase with an attempt to end the oil industry's special subsidies to petrol-dealers in areas where competition is keenest.

BP and its subsidiary National Benzole yesterday followed the lead set by Texaco and Mobil last week and announced price increases which will add about 4p to the cost of a gallon of four-star petrol at the pump.

In an important departure from the line taken by the other companies BP said it was adding only 2p to 2.3p a gallon to the wholesale price of its petrol. The remainder of the increase would come from removal of price support to dealers, which the other companies have maintained.

Increases in other BP oil products include 1p a gallon on fuel oil; 2.5p on derv; and 3p on both gasoil and kerosene. All took effect at midnight last night.

Price support, designed to protect dealers' margins, was reintroduced by the major oil companies in September in an attempt to preserve their market shares as the oil glut intensified competition.

BP, long a critic of dealer support, which has cost it £1.5m a month, hopes that the other companies will follow its lead.

The crucial question here may be the attitudes of Shell and Esso, the joint UK market leaders, which have yet to announce price rises.

If they fail to follow suit BP may be forced to reintroduce support.

The latest round of increases will bring average cost of a gallon of four-star to between 170p and 172p.

The movement follows recent realignment of crude prices by thet Organisation of Petroleum Exporting Countries. Saudi Arabian crude has gone up by \$2 a barrel and North Sea oil, which provides about 50 per cent of UK refineries' needs, is set for a \$1.50 backdated rise.

BP said that it was limiting its planned price rise and withdrawing price support because it believed that "in today's competitive market a larger increase in the scheduled price will only be eroded by more price-cutting.

Post Office delays price rise, Page 7

U.S. insurance merger proposed

BY IAN HARGREAVES IN NEW YORK

CONNECTICUT General Corporation and INA, two of the largest U.S. insurance companies, yesterday announced terms for an agreed merger worth over \$4.1bn (£2.2bn) at current market values.

The merged company, tentatively named the North American General Corporation, would have assets of over \$27bn and would be another juggernaut in the rapidly shifting structure of the U.S. financial services industry.

In addition to insurance, INA owns 22 per cent of Paine Webber Mitchell Hutchins, a major Wall Street brokerage house. Connecticut General has property interests.

The deal will be subject to review by federal antitrust authorities and by the state insurance regulatory bodies of Connecticut and Pennsylvania.

Analysts said they could see no obvious objections to the deal at the state level, but such a large horizontal merger proposal may well attract opposition from the Justice Department.

"Before Reagan, these companies wouldn't have bothered talking to each other, but under current conditions that has changed," said Mr Edward Townsend, a partner in Conning, a Connecticut-based brokerage house. Mr Townsend said he expected the deal to be permitted.

The merger is intended to be an alliance of equals, with shareholders from each company maintaining levels of ownership and voting power based on existing holdings.

Mr Ralph Saul, chairman of INA, will become chairman of the new company, with Mr Robert Kilpatrick, chairman of Connecticut General, as president. In order to emphasise the principle of equality, however, a joint statement said the two men would act as "co-chief executives."

Their statement said the combination "will give us the size, people, resources and financial strength to assume a leadership role as a more effective competitor in the rapidly changing financial services market."

The new company would offer "expanded market coverage, greater diversification of insurance lines and improved ability to compete in foreign insurance markets," they said.

Cable TV policy under review

BY GUY DE JONQUIERES

THE Government is expected to consider soon whether to modify its restrictive policies towards cable television, in response to growing pressure from industry for measures to stimulate cable's development as a mass communications medium.

Until now cable has been used in Britain only to distribute television broadcasts. But a major market is emerging for other services, such as home banking, electronic shopping and computerised information systems.

The Prime Minister has called for consultations on the issue between Mr William Whitelaw, Home Secretary, who is responsible for broadcasting, and Mr Kenneth Baker, Minister for Information Technology at the Industry Department, which is responsible for communications policy.

The Government is also expected to receive further advice which will underline the need to modify its policies if private sector initiatives to exploit cable's commercial potential are not to be stunted.

These moves coincide with the launch of a campaign by Britain's 24 cable television companies to try to secure the immediate relaxation of Government rules which prohibit them from carrying material other than normal broadcast television programmes.

The companies have warned the Home Office that unless it lifts its controls soon, there will be no incentive for them to invest in new systems. Some older cable networks may also have to be closed because they are becoming uneconomic.

The operators fear that lack of new investment would severely weaken their ability to exploit cable's rapidly growing potential and that the UK market might be overwhelmed by powerful U.S. cable groups which already have thriving operations in their own country.

The Home Office recently authorised 12 two-year regional trials of subscription television on cable. But some operators are worried that a Government decision on whether to liberalise the rules permanently may be delayed until the mid-1980s.

There is also growing interest in other parts of British industry to increase the range of services available on cable, perhaps to include home security systems and remote meter reading, as well as to distribute satellite television broadcasts locally.

Liberalising cable networks would be a complex political task. A major obstacle is the Home Office's concern that any move to freer broadcasting would undermine the authority and operations of the BBC.

Wholesale prices

Continued from Page 1

the increase in coal prices and further rises in the price of crude oil will push input prices up further, and that this increase will probably work through into wholesale price inflation, despite industry's efforts to contain rising costs.

The oil price increase in dollars was to some extent offset by the strengthening of sterling against the dollar from September to October.

The sharp increase of input prices since 1980 reflects the fact that sterling was at a considerably higher level a year ago.

The price index of fuel and materials for manufacturing industry remained unchanged from September to October at 237.8. The change in the annual rate of increase occurred because there was a fall from September to October last year.

The index for materials used by the food industry increased by 1 per cent to 195.9. This was due mainly to higher prices for fish and pigs.

Continued from Page 1

RHM raid

it is opposed on principle to British Sugar taking over RHM, although its final decision depends on detailed proposals from British Sugar.

Shareholder approval would be needed by British Sugar to bid for RHM and yesterday's move by the baking group means that 50.5 per cent of the votes could be in the hands of shareholders opposed to the bid.

The confusion deepened yesterday when Mr John Beckett, British Sugar's chairman, said he was "awaiting further developments" before talking to RHM. Last week he said he would be seeking discussions with both RHM and Berisford. No date has been set for the talks and the other two parties now say the "ball is in Mr Beckett's court."

Israel uncompromising on peace process

BY DAVID LENNON IN TEL AVIV

ISRAEL YESTERDAY took an uncompromising stance on Middle East peace negotiations. It declared it had no more concessions to offer the Arabs and warned that increased pressure from the West could imperil the peace process.

The Prime Minister and Foreign and Defence Ministers all said Israel had reached the end of the road in terms of concessions to the Arabs, following its agreement to evacuate Sinai.

Mr Menahem Begin, the Prime Minister, said Israel had gone to the absolute limit of the concessions it could offer Arab neighbours. He made clear there would be no softening of Israeli determination to retain the West Bank and Gaza Strip when he said autonomy was all Israel could offer the Palestinians living in the occupied territories.

Mr Ariel Sharon, Defence Minister, underlined the hardening of the Israeli stance: "When it comes to our existence, Israel cannot show any flexibility whatsoever"

The ministers were spurred by fears that apparent Western support for the eight-point peace plan of Crown Prince Fahd of Saudi Arabia, which calls for creation of a Palestinian state on the West Bank, would soon build up pressure for Israeli withdrawal.

Mr Yitzhak Shamir, Israel's Foreign Minister, said on Sunday night that Middle East peace could be imperilled if the West pressed Israel too hard for concessions.

"We have reached, even passed, the limits of our concessions, both in the South and in our proposal for full autonomy for the Arab inhabitants of Judea and Samaria [the West Bank."] the Minister told a delegation of U.S. Jewish leaders.

Mr Sharon told a Press conference yesterday that Israel intended to honour its commitments to withdraw from Sinai next April. He expressed the belief agreement could be reached with Egypt on Palestinian autonomy before that date.

He said: "The only thing which endangers that hope is the direct or indirect support of the U.S. for the Saudi plan. It would be very hard to expect Egypt to stick to the Camp David accord if the third partner [the U.S.] is starting to move away from them."

Mr Sharon said that in recent weeks there had been "very confused declarations from Washington," so that it was hard to know what was the U.S. position.

"The voices we hear from Washington and Europe do not encourage us but, on the contrary, give us the sign to be much more careful when we come to the negotiations on autonomy," he said.

U.S. troops arrive in Cairo, Page 4; Editorial Comment, Page 18

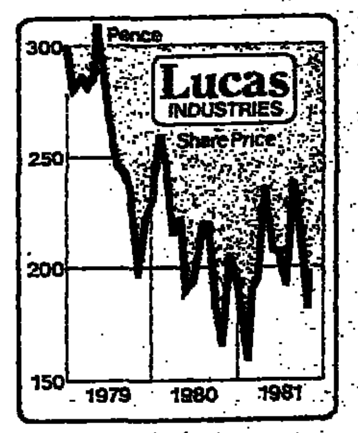
THE LEX COLUMN

Lucas comes out of surgery

Friday's euphoria in the New York markets spilled over into London yesterday, and the stock market had its best day for weeks. The sharp rise in U.S. bonds on the back of lower short rates, a weakening economy and a good set of money figures set the tone, strongly supported by a very nimble base rate cut from NatWest.

The remaining £¾bn or so of the long tap stock, Exchequer 15 per cent 1997, was swallowed up in three gulps, and this afternoon's preliminary money supply figures seem to hold no terrors for the gilt-edged market. The equity market moved ahead very strongly, with the FT Index rising 16.4 on the day to show a 9 per cent advance in six trading days.

Index rose 16.4 to 510.9



Lucas

Lucas Industries seems to have turned the corner. In the first half of the year to July it lost £25.4m, after charging redundancy and closure costs of £7.2m. In the second half, it has made a profit of nearly £4m after closure costs of £19.2m, and with most of the cutbacks now out of the way, Lucas should be capable of making, say, £50m pre-tax in the current year.

This hope lies behind the decision to maintain the dividend, at a gross cost of some £14m. And it was enough to hump the shares up by 26p to 198p after their marked weakness recently.

The turnround is coming on the vehicle equipment side, which bore all the closure costs last year and lost £45.3m before tax. The workforce in the UK has been cut by about a fifth—knocking out gross wage costs of maybe £60m—and the workload, though still depressed, has stabilised, and the business is back in profits.

Overseas profits, which fell by £9.5m to £13.7m, will be helped this time by the weakness in sterling and the recovery of expansion costs in the U.S. The aerospace side is at least capable of holding its own after jumping from £9.3m to £21.2m in 1980-81. Its workload on the Tornado looks secure, and other developments like the Airbus are also doing well.

Meanwhile borrowings have jumped sharply, but the balance sheet has been bolstered by revaluations and a less conservative depreciation policy (which has also reduced the losses by about £4m). So shareholders' funds are more or less unchanged at £459m, and debt represents 42 per cent of that figure. Although Lucas will probably want new equity sometime in the next few years, the position is certainly containable for the moment. The shares yield 8¼ per cent, and the market capitalisation is £180m.

Hoover

The latest figures from Hoover UK make the company's early return to the dividend list appear highly unlikely. With volume in the third quarter down by a tenth — partly because of another round of dealer destocking — the pre-tax loss has jumped to £7.2m. This brings the deficit for the first nine months to £13m. There has been a clear deterioration in UK trading profits through the current year in spite of rationalisation. For the second consecutive year Hoover has been unable to make its January price rise stick. In contrast to the ungeared position in 1979, Hoover is now racing against its balance sheet in reshaping its business. By the year-end net debt may approach 40 per cent of shareholders' funds. The "A" shares have virtually halved this year to 84p, and fell 4p yesterday.

Anglo American

The proposed merger of the industrial interests of Anglo-American and De Beers will create a South African leviathan ranking, in terms of net assets, not far behind Anglo-American itself. The deal will rationalise a number of rather untidy cross holdings but the main effect will be to reinforce the balance sheet of Anglo-American Industrial (AMIC).

Much the most important single element of the merger is the transfer of the 40 p[er cent] interest held by De[beers] Industrial (Debincor) in the South African ex[plosives] group, to Amic. Dividen[ds from] AECI, in which ICI als[o has] 40 per cent, account [for] roughly two thirds of De[bincor's] pre-tax profits last year.

The cash generated b[y] has left Debincor's sheet almost un[geared] whereas Amic's debt ha[s risen] eightfold over the pa[st] years. Taken togethe[r] funds generated from t[he] of share options and [pos]sible realisation of i[ts] holding in Debincor, finances should look healthier after the mer[ger]. The terms being off[ered to] minority holders in D[ebincor] are unlikely to excite enthusiasm but a speci[al divi]dend has been adde[d as a] sweetener to prevent [short] term income dilution.

RHM/British Sugar

Two can play at the [game of] taking "strategic stake[s]" yesterday Ranks Hov[is Mc]Dougall elegantly tur[ned the] tables on last week's a[ttack] British Sugar Corpora[tion by] buying itself 10½ per [cent of] BSC. Everyone can m[ake a] conspiracy theory to [fit the] story, but at the centre is the fact that RHM a[nd] W. Berisford between t[hem] own more than half of [BSC] that RHM may deliver t[he com]pany up to Berisford a[fter] the waiting period ex[pires in] July.

Wilder ideas were [going] rounds yesterday — t[hat RHM] might make a full bid at once so as to let [Berisford] back into the game [immedi]ately, by releasing it [from the] 12-month rule, and eve[n that the] draft CSI code on [dawn] market raids were cobbled together.

Between now and J[uly RHM] stands to pick up two dividends to pass on t[o its] shareholders, and it [has] an excellent chance [of being] bought out of its BSC [stake at] a profit. It has strengthened its [negotiating] position with Berisfor[d, which] will after all end up wi[th 40 per] cent of RHM if it ta[kes over] BSC. Along with its offensive, RHM slippe[d in a] profits estimate of £45[m] for 1980-81, up from year ago. The figure touch on the high s[ide] when the full results the analysts will be hard for big write-of[fs below] the line.

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